

# Right-wing populist parties and labor market policies

Thesis

Presented to the Faculty of Arts and Social Sciences  
of the University of Zurich  
for the degree of Doctor of Philosophy

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Accepted in the fall semester 2014

on the recommendation of the Doctoral Committee:

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(Zurich, 2014)



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## Acknowledgements

My heartfelt thanks to Silja Häusermann. I learned enormously from having Silja as my supervisor and working with her in several research projects, ranging from how papers can be written efficiently to how to make difficult research- and life-affecting choices. I thank her very much for her continuous support and for the numerous discussions on socio-structural change, party realignment and changing welfare states. I also thank her for her feedback which has always been challenging and to the point, but highly constructive and stimulating.

Furthermore, I thank Hanspeter Kriesi for his support while writing my PhD-thesis as well as advice and feedback on previous versions. I thank Peter Hall and Marius Busemeyer for their support enabling me to spend some time at Harvard University and the University of Konstanz as well as for taking time to discuss my work. Similarly, I thank David Art, Jason Beckfield, Kathleen Thelen, and Olaf van Vilet for their comments on my work. Very importantly, I thank Julian Garritzmann and Nadja Mosimann. The discussions about our own work, its relevance for the outside world and matters more or less related to our PhD-theses were highly stimulating, and I am happy that this led not only to more precise thinking but also to new friendships. All these people have been very important for my work as they have challenged my thinking and thereby helped me find solutions to theoretical, methodological and empirical puzzles.

At the same time, a highly supportive social environment was equally important to me. I am indebted to my parents Brigitte and Meinrad who supported me in every step I have ever made. I also thank my two daughters Elif and Lilia who helped me to achieve a healthy life-work balance so badly needed when a person works on her own project. Most importantly I thank my wife Fabienne. She has been the most precious person in supporting me in the ups and downs of writing a PhD-thesis. She gave me valuable advice when I was confronted with problems I did not know how to cope with, and followed me around half the world putting up with all the challenges one confronts when entering the US visa application procedure, the US housing market with two young kids, and a terribly harsh winter in Massachusetts without a car.





## Part I

# Synopsis

### Abstract

Political economists widely assume that the working class, threatened by economic insecurity, prefers a generous welfare state and supports the political left. The political left in turn advocates such policies and implements generous welfare state policies if politically strong enough. But how does welfare state politics change if the working class supports right-wing populist parties as is increasingly the case? In my cumulative dissertation, I analyze specific aspects of this question in three separate papers. Starting on the voter-level, *Paper No. 1* shows that today economic insecurity leads to increased anti-immigrant attitudes and electoral support for right-wing populist parties. *Paper No. 2* focuses on the party-level, analyzing the labor market policies of right-wing populist parties during elections and labor market policy reforms in parliament. The paper shows that as right-wing populist parties cooperate with the moderate right, they support market-liberal policies despite their working class electorate. Finally, *Paper No. 3* focuses on policy impact, and shows that right-wing populist parties polarize labor market policy making and facilitate retrenchment by strengthening the political right bloc. By tracing the link from voters to parties to policies, the three papers provide insights into how right-wing populist parties influence welfare state politics and how this changes the widely used model in political economy. In this synopsis I present an introduction to and summary of the three papers as well as the contributions, findings and implications of these three papers in reference to the existing literature on the welfare state and the literature on right-wing populist parties.

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I would like to thank Fabio Wasserfallen for his advice on the structure of this synopsis and Nadja Mosimann and Denise Traber for their helpful comments on its content.

# 1 Introduction

Since the late 1970s, party politics has been an important factor in explaining welfare state developments in political science. Older contributions already pointed out the importance of party politics for developments in political economy (e.g., Kehr 1930, Kirschen et al. 1964). However, before the late 1970s, the most important contributions argued that the development of the welfare state was best explained in a functionalist fashion by the economic imperatives and technological changes of industrialization (Cutright 1965, Wilensky 1975).<sup>1</sup>

In the late 1970s, several authors became unsatisfied with this functionalist view and its limited ability to explain variation of welfare states in the developed world. These authors changed course and reasoned that “it is to partisanship we must look in examining the impact of politics on public policy” (Castles 1982, 26). During this period, numerous empirical analyses presented the strength of left-wing parties as an important factor in the development of the welfare state (e.g., Castles 1978, Esping-Andersen 1985, Korpi 1983, Tufte 1978). These scholars had differing theoretical perspectives and empirical strategies, but they overlapped in their line of reasoning. All of them argued that (a) the working class favored a generous welfare state to protect its economically insecure position, (b) that the working class thus voted for left-wing parties, (c) that because of their working class constituency, left-wing parties favored the expansion of the welfare state and (d) that the strength of the political left was therefore an important factor in explaining the development of the welfare state. The line of argument from (a) to (d) neatly described the links between working class voters, left-wing political parties and the welfare state during the *Trente Glorieuses*, and became a widely accepted model in international and comparative political economy.

This *general model of political economy* linking voters, parties and policies, has remained important to this day. According to the Social Citation Index<sup>2</sup> a majority of the most-cited articles on political economy which refer to political parties are based on this model (e.g., Allen & Scruggs 2004, Alt & Lassen 2006, Basinger & Hallerberg 2004, Iversen & Soskice 2006, Iversen & Rosenbluth 2006, Iversen & Stephens 2008, Ross 2006, Rueda 2005).<sup>3</sup>

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<sup>1</sup>See Kersbergen & Becker (2002) and Schmidt (1996) for an overview of the relevance of partisan explanations within the political science literature on the welfare state.

<sup>2</sup>Date of inquiry: 21 April, 2014.

<sup>3</sup>Within the 50 most cited articles referring to political economy, only Blyth & Katz (2005) and Hacker & Pierson (2010b) do not work with this model. Interestingly, both of these articles emphasize that the link between political parties and their constituencies has deteriorated since the late 1980s, especially for left-wing parties.

The wide-spread use of the general model is understandable. It is well established in international and comparative political economy, it links voters to parties and policies in a straightforward way and the uni-dimensionality of the voter distribution and policy space allows scholars to apply sophisticated versions of formal modeling in order to arrive at clear-cut hypotheses (e.g., Iversen & Soskice 2006). As long as this general model helps to explain certain outcomes based on reasonable assumptions, its use is of course unproblematic. However, the general model was elaborated during, and based on an industrial society, and since our society and partisan politics have been transformed by deindustrialization, the model now fails to describe and explain political behavior, political struggles and political outcomes accurately. In response to this, scholars have called for new perspectives on the interplay between voters, partisan politics and the welfare state which take into account the “New Politics of the Welfare State” (Pierson 2001) and the “Politics of the New Welfare State” (Bonoli & Natali 2012*b*).

These new perspectives have revised the links between voters, parties, and policies in several ways. On the macro-level, scholars have argued that globalization (Garrett & Mitchell 2001, Genschel 2002) as well as deindustrialization (Iversen & Wren 1998) set fiscal limits to the expansion of the welfare state. In times of austerity the general tendency of the welfare state is therefore not expansion, but retrenchment (Pierson 2001). Others have even argued that the adaption of welfare states to these fiscal pressures might be more complex. Retrenchment might target only some groups, resulting in unequal access to welfare state policies (Emmenegger et al. 2012, Palier 2010). Furthermore, welfare state policies are increasingly set up as social investment (Jenson & Saint-Martin 2003) aiming to provide citizens with assets and resources to succeed in market economies (Morel, Palier & Palme 2012). According to these scholars, the current model does not accurately describe the development of the welfare state since welfare state policies have become multi-dimensional (Bonoli & Natali 2012*a*, Häusermann 2010*a*).

The fiscal constraints stemming from globalization and deindustrialization also play out at the party level. In particular, left-wing parties are assumed to be confronted with a reduced set of options and are therefore less able to deliver generous welfare state policies to their constituencies (Boix 2000, Huber & Stephens 2001). In addition to these economic factors, the maturation of welfare state institutions and the ever growing group of welfare state recipients “feed back” to the stability of the welfare state, making it very difficult for politicians to deviate

from existing policies without experiencing heavy electoral losses (Kitschelt 2001, Pierson 1995). These contextual factors limit the influence of political parties on welfare states compared to their influence according to the general model of political economy during the *Trente Glorieuses*.

The most fundamental change compared to the general model is, however, that class constituencies have shifted to new parties as argued within the realignment literature. This modifies the very “micro-logic” of the general model in political economy (Häusermann, Picot & Geering 2013). Following the seminal work by Lipset & Rokkan (1967), the realignment literature argues that social classes are still important categories to understand political behavior such as voting, but that voters, parties and the links between them have changed fundamentally.<sup>4</sup> Societal change such as the increase in tertiary education (Kriesi 1999) and the rise of the service economy (Kitschelt 1994) have led to a new “educated middle class” with universal and rather leftist preferences (Kitschelt 1994, Kriesi 1998, Müller 1999). According to Kitschelt (1994), social democratic parties try to take advantage of this electorate by focusing on policies such as gender equality and environmental protection, thereby shifting their focus from socio-economic (materialistic) conflicts to socio-cultural (life style) conflicts. As a backlash to this new political left, a new political right arises along the socio-cultural conflict taking on anti-universal positions such as emphasizing restrictive immigration policies and law & order (Bornschier 2010, Ignazi 1992). The working class, disapproving of the liberal position of the new left, has shifted to the new political right which it sees as the appropriate defender against the changes and challenges brought by modernization and globalization. These changes on the voter-side and party-side interact leading to a stylized voter-party configuration where one pole is held by the new political left (third way social democrats and green parties) supported by the new educated middle class, and the other pole is held by the new political right (right-wing populist parties) supported by the working class. As this voter-party realignment unfolds in postindustrial societies, it not only invalidates the assumptions of the general model of political economy, but turns them upside-down.

The changes in class constituency also change the politics of the welfare state. The expansion of the educated middle class with a general approval of the market economy, but preferences for social policies such as child care policies or social investment provides a new support base for the

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<sup>4</sup>The realignment literature thereby takes the opposite position of the dealignment literature (Dalton, Flanagan & Beck 1984, Dalton 2006), which argues that the link between specific socio-structural groups - such as classes - and political parties has dissolved.

welfare state (Gingrich & Häusermann forthcoming, Kitschelt & Rehm 2004). The new left parties adapt their positions leading them to moderate their position on the socio-economic conflict (Kitschelt 1994). On the one hand, this allows for a new coalition of moderate left and moderate right parties to reform the welfare state by agreeing on the need of selective retrenchment combined with small amounts of expansion (Bonoli & Natali 2012*a*, Häusermann 2010*a*). On the other hand, this leads welfare state policies away from decommodifying redistribution toward more self-responsibility combined with social investment policies (Gingrich & Häusermann forthcoming).

Taking into account this shift from the educated middle class to the political left provides highly valuable insights into welfare state developments. How the shift of the working class to right-wing populist parties reinforces the new politics of the welfare state has so far only rarely been touched. The focus of the welfare state literature on the political left has meant that right-wing populist parties have been off the radar. Similarly, the literature on right-wing populist parties with its focus on socio-cultural conflicts had so far little to say about the relationship between right-wing populist parties and the welfare state. How welfare state politics is changed if the working class shifts to the right giving rise to right-wing populist parties is the topic of this PhD-thesis.

In my PhD-thesis I use the general model of political economy to identify what the fundamental entities are (voters, parties, policies) and how they interact, laying the foundation for a scientific inquiry (Kuhn 2012 [1962], 5). In contrast to previous work in political economy, I do not investigate the links between these entities for the political left, but for right-wing populist parties, i.e. parties which “share the fundamental core of ethno-nationalist xenophobia (based on the so-called ethno-pluralist doctrine) and anti-political establishment populism” (Rydgren 2004*a*, 475) - the new working class parties of our times.

This thesis is of course not the first to approach the relationship between right-wing populist parties and the welfare state. Some important links between voters, right-wing populist parties and the welfare state have already been highlighted. Analyses have provided empirical evidence that working class members who vote for right-wing populist parties hold pro-welfare state preferences (de Koster, Achterberg & van der Waal 2013, Michel 2014). This points to the

fact that working class support for right-wing populist parties might be related to economic insecurity. However, so far we do not know if the vote choice for right-wing populist parties is indeed based on economic insecurity. Also, the issue whether right-wing populist parties are defenders (Mudde 2007) or enemies (Kitschelt & McGann 1995) of the welfare state is still contested within academia, which is why further analyses on this topic are needed. Finally, we do not know how right-wing populist parties influence welfare state development since the very few analyses on this topic point to both welfare state expansion (Fiva, Folke & Sørensen 2013) and welfare state retrenchment (Afonso 2011). Thus, the crucial links between voters, right-wing populist parties and welfare state policies are unknown which is highly unfortunate when trying to apply the general model of political economy to this topic. Empirical analyses of these links help us to update the general model to postindustrial societies in line with the new insights from the party-politics literature on voter-party realignment.

Such empirical analyses are, however, not only a scholarly endeavor. Knowing if economic insecurity leads to growing anti-immigrant attitudes and voting for right-wing populist parties is important when assessing policy priorities to facilitate the social cohesion of citizens and non-citizens, especially in a time of economic crisis. Knowing if right-wing populist parties act in favor of their constituencies' pro-welfare state interests helps us to evaluate the responsiveness of political parties. Finally, knowing how the rise of right-wing populist parties changes welfare state politics provides the knowledge necessary to determine the possibility of welfare state adjustment to new challenges such as financial constraints and the emergence of new social risks.

By empirically analyzing these questions, I link the literature on the welfare state to the literature on right-wing populist parties. In doing so, I first approach the discussion on the importance of economic factors for the choice to vote for right-wing populist parties. While some contributions (e.g., Swank & Betz 2003) assume that voting for right-wing populist parties is strongly influenced by economic insecurity, a majority of empirical analyses indicate that such vote choices are based on anti-immigrant attitudes (e.g., Lubbers, Gijlsberts & Scheepers 2002, Oesch 2008). In a second step, I tackle the question concerning the position right-wing populist parties take on welfare state issues since some argue that right-wing populist parties support market-liberalism, i.e. a position against the interference of the state in market relations and against redistribution

through the welfare state (Kitschelt & McGann 1995, McGann & Kitschelt 2005), while others argue that they support welfare state chauvinism, i.e. generous welfare state programs for native workers while excluding immigrants (Kailitz 2006, Mudde 2007). By first looking further into these discussions, I provide new empirical evidence showing that economic insecurity plays an important role for right-wing populist party-vote (*Paper No. 1*), and showing that right-wing populist parties support market-liberal positions when cooperating with moderate right parties despite of their working class constituency (*Paper No. 2*). Based on the insights from these two papers, I am able to turn to the question how right-wing populist parties influence policies in *Paper No. 3*, where I show that right-wing populist parties polarize social policy making and facilitate retrenchment by strengthening the political right bloc.

For these analyses, I focus on issues surrounding the labor market. For *Paper No. 1*, I use unemployment risk as a measurement of economic insecurity. In *Paper No. 2*, I analyze right-wing populist parties' position on labor market policies, i.e. active and passive labor market policies. In *Paper No. 3*, I mainly analyze labor market policy making, but also social policy more generally. The focus on issues surrounding the labor market is driven by the fact that unemployment constitutes the main reason for poverty (Ducan, Jacobs & Paugam 2000) and generous labor market policies are an effective tool to prevent such poverty (Checchi & García-Peñalosa 2008). More importantly, however, I focus on labor market policies because theoretical work on right-wing populist parties explicitly refers to risks on labor markets as an important issue for its working class constituency (Kitschelt & McGann 1995, Swank & Betz 2003). In this way, unemployment risk and labor market policies should be of foremost importance to right-wing populist parties as representatives of working class voters which allows to analyze right-wing populist parties' social policies as well as their influence on such policies.

The remainder of this synopsis is structured as follows. The next section summarizes the three papers. Section 3 then presents the main findings of the three papers and highlights their contributions. Section 4 provides a discussion of the implications of my findings for the literature on welfare states and right-wing populist parties. The synopsis thereby uses the general model of political economy as a starting point to structure the arguments and results from my PhD-thesis, but also functions as a reference point to discuss the contributions and implications of my findings. This implies a shift compared to the three papers of my PhD, since they are mainly

framed within the literature on right-wing populist parties. This has to be kept in mind when switching from synopsis to papers or vice-versa. Focusing on the general model of political economy in this synopsis, however, enables me to relate my findings to different literatures and scholarly debates. This provides a broader picture of my PhD-thesis and allows me to show that the contribution of my PhD-thesis is greater than the sum of its three parts.

## 2 Summary

The general model of political economy provides a perspective to establish links between voters, parties and policies. The three papers of my PhD-thesis focus on the links between voters and parties (*Paper No. 1*), parties and policy positions (*Paper No. 2*), and parties and policy making and policy output (*Paper No. 3*). The questions, arguments and findings of these three papers can be summarized in more detail as follows:

***Paper No. 1*** The first paper focuses on the question of whether economic insecurity increases anti-immigrant attitudes and vote support for right-wing populist parties. The paper contributes to the debate within the realignment-literature on if anti-immigrant attitudes and voting for right-wing populist parties are rooted in economic issues (e.g. insecure economic position), or cultural issues (e.g. low education and the incapability to process rapid societal change). In this paper, I use the data by Rehm (2009) on the risk of becoming unemployed to measure economic insecurity. Using different logit-regression models, the paper shows that an increase in unemployment risk is related to an increased probability of (a) having negative attitudes toward immigrants and (b) voting for right-wing populist parties in Austria, Denmark, Norway and Switzerland.

***Paper No. 2*** The second paper analyzes the position of right-wing populist parties on welfare state issues focusing on labor market policies. In the paper I present the argument that right-wing populist parties support market-liberalism instead of welfare state chauvinism to facilitate cooperation with the moderate right, their most important political ally. In the paper I apply a comparative case study approach and take advantage of within- and across-case variation. Based on this research strategy, the paper shows that right-wing



populist parties in Austria, Denmark, and Switzerland support market-liberal labor market policies in parliament when cooperating with the moderate right, despite their working class constituencies. Furthermore, the paper shows that right-wing populist parties with a large working class-constituency try to blur their support for market-liberalism during election campaigns.

**Paper No. 3** The third paper analyzes how right-wing populist parties influence social policies applying a mixed-method research strategy. First, regressing social spending, as an indicator for welfare state effort, on the partisan composition of governments, indicates that the inclusion of right-wing populist parties into governments is related to less social spending compared to left-wing governments, but not compared to more centrist governments. Second, comparative case studies on labor market policy making show that right-wing populist parties polarize policy making and support retrenchment. These empirical findings provide support for the perspective that right-wing populist parties polarize policy making on welfare state issues and facilitate retrenchment, since they support moderate right parties in the political struggle against the left.

### 3 Findings & contributions

The three papers in my PhD-thesis seek to bridge the literature on the welfare state and the literature on right-wing populist parties. The empirical analyses and findings of these papers therefore relate to both of these literatures. This section looks more closely first at the main findings and second at the contributions of my PhD-thesis in relation to these two literatures.

#### 3.1 Main findings

The general model in political economy and the literature on right-wing populist parties share a similar approach since they focus on working class voters, working class parties' promotion of certain policies based on the interest of these class-voters, and the impact of parties on policies. My PhD-thesis follows this focus on voters, parties and policies. To show how my findings go beyond the findings of the existing literature, table 1 shows the findings of the general model

in political economy (GM) in row 2, the findings of the literature on right-wing populist parties (RWPP) in row 3, and the findings of my PhD-thesis (PhD) in row 4. For each of the three approaches, the table presents findings on who the voters are (second column), what welfare state policies the political party promotes (third column), and what the policy implications are as the party becomes stronger (fourth column). The summary of the findings on the general model and the literature on right-wing populist parties is of course stylized and ignores possible disagreements within the literature in order to facilitate contrasting them with the findings of my PhD-thesis.

Table 1: Findings in comparison

	<b>Voters</b>	<b>Position on welfare state issues</b>	<b>Implication on welfare state</b>
<b>GM</b>	Working class votes for the left	Expansion	Generous welfare state
<b>RWPP</b>	Working class votes for RWPP	More chauvinism	Welfare state chauvinism
<b>PhD</b>	Economically insecure vote for RWPP	Depends on cooperation with moderate right	Polarization & retrenchment

Focusing first on the general model in political economy (GM), row 2 shows the general model as outlined previously. As shown in the second column, scholars using this model assume that the working class votes for the political left because of its lower socio-economic status and because it benefits from redistribution (Hibbs 1977, Iversen & Soskice 2006). Mainly focusing on the political left, scholars within this literature argue that because of their working class constituency, left parties' policy position includes the expansion of redistributive and generous welfare state policies (Esping-Andersen 1985, Korpi 1983) as indicated in the third column. Regarding the policy implications (fourth column), this model hypothesizes, and scholars have empirically shown that a strong political left leads to a generous welfare state (Allen & Scruggs 2004, Hicks & Swank 1992).

The literature on right-wing populist parties (row 3) also focuses on the working class, showing that it is the main class constituency of right-wing populist parties (Arzheimer 2009, Evans 2003, Oesch 2008). In contrast to the general model in political economy, however, the literature on right-wing populist parties argues that working class voters support these parties due to their authoritarian and anti-immigrant attitudes and because they see right-wing populist

parties as their political agents who can stem the tide of changes that come with a modernizing world (Bornschieer 2010, Kriesi et al. 2008). Despite the fact that anti-immigrant attitudes are the main factors explaining electoral support for right-wing populist parties, most scholars argue that right-wing populist parties' working class constituency affects the party's position on welfare state policies and results in its support for welfare state chauvinism as shown in column 3 (Kailitz 2006, Mudde 2007). Following this line of reasoning, it is assumed that right-wing populist parties influence policies toward welfare state chauvinism (Meret 2010).

As indicated in the fourth row, the results of my PhD-thesis deviate from these two literatures in important ways. The starting point for my research was the growing support on the part of working class voters for right-wing populist parties, as analyzed in the realignment literature and the literature on right-wing populist parties. What seemed unclear was if this electoral support is related to economic factors. On the one hand, existing work links voting for right-wing populist parties to cultural conflicts, most importantly those focused on immigration. On the other hand, these contributions often refer to increased economic insecurity for workers (decline of the industrial sector, economic competition, and globalization) as an important side show (Kitschelt & McGann 1995, Kriesi et al. 2008). My first step was therefore to analyze if voting for right-wing populist parties was connected to economic insecurity. In *Paper No. 1*, I find that economic insecurity, measured as unemployment risk, increases the probability of having negative attitudes toward immigrants and increases the probability of voting for right-wing populist parties in the countries under investigation (Austria, Denmark, Norway, Switzerland). This indicates that economic insecurity plays an important role for anti-immigrant attitudes and vote-choice for right-wing populist parties.

In *Paper No. 2*, I further show that right-wing populist parties do not necessarily promote welfare state chauvinism despite their constituency of working class members and the economically insecure. For this analysis I focus on labor market policies and show that right-wing populist parties' positions on labor market policy issues are influenced by their class constituency and their cooperation with moderate right parties. While the former factor would push right-wing populist parties toward a pro-welfare state position, the latter, more dominant factor, pushes right-wing populist parties toward market-liberalism. Right-wing populist parties which cooperate with moderate right parties thus support market-liberalism and not welfare state chauvinism.

In *Paper No. 3*, I show that the willingness of right-wing populist parties to cooperate with moderate right parties and support market-liberal policies polarizes policy making during labor market policy reforms, setting the political right against the political left. Furthermore, the analyses indicate that this facilitates retrenchment, a result which is supported by regression analyses indicating that governments supported by right-wing populist parties are related to less social spending compared to left-wing governments.

In combination, my results show that voter-party realignment has caused a change in the link between voters with insecure economic positions, right-wing populist parties as the new working class parties and their positions on welfare state policies, as well as the resulting policies compared to the general model of political economy. In addition, table 1 shows that my results are not just a replication of the results of the literature on right-wing populist parties connected to the welfare state literature. Even when only compared to the literature on right-wing populist parties, my thesis provides new empirical insights on the voter-, party- and policy-level.

My results are, however, mainly based on the study of labor market policies and the question must be addressed how much they can be applied to other social policies, i.e. policies which provide welfare and redistribute resources (Marshall 1965, Titmuss 1974).<sup>5</sup> First, right-wing populist parties' position might differ across social policy fields. Labor market policies target the unemployed which constitute a less deserving group in public perception compared to pensioners (van Oorschot 2006). Right-wing populist parties might therefore be less willing to abandon their pro-welfare state position during pension reforms. However, right-wing populist parties have supported retrenchment even during pension reforms in alignment with the moderate right (Afonso 2011, Heinisch 2003). Thus, right-wing populist parties, by cooperating with the moderate right, support retrenchment in social policy areas where beneficiaries are considered more and less deserving.

Second, coalitions for welfare state reforms might differ across social policy fields. In the study of labor market policy reforms, I assume that the interests of the political left and political right diverge. Other social policy areas might deviate from this pattern if the multidimensionality of the policy space allows additional coalitions, including cross-class coalitions. Examples of such multidimensional reforms in social policy are recent pension and family policy reforms in

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<sup>5</sup>In the recent welfare state literature, this includes old-age pensions, health, long-term care, disability, family, housing and education policy (Castles et al. 2010).

continental Europe (Häusermann 2010a). Even the Swiss labor market policy reform in the mid-1990s could be considered as a reform where different dimensions - activation and spending - have been combined (Häusermann, Mach & Papadopoulos 2004). Reform coalitions other than left versus right are clearly possible and provide important information how welfare states can be adjusted to the challenges of a postindustrial society. However, such multidimensional reforms depend on coalitional engineering which becomes more difficult in the context of partisan polarization (Häusermann 2010a, 201). This is clearly shown in the case of labor market and pension reforms in Switzerland where the rise of a right-wing populist party and the polarization of policy making has made it more difficult to achieve cross-class reform coalitions (Afonso & Papadopoulos 2013). Thus, polarization of policy making brought about by the rise of right-wing populist parties also seems to apply to other social policy fields. In addition, multidimensional reform packages depend on a set of resources which can be cut, but also expanded in a give-and-take fashion. In times of austerity, and even more in times of economic crisis, the expansion of resources might be more limited thereby also limiting the possibility of social policy reforms combining multiple dimensions.

A third and final point relates to policy output. According to my findings (table 1) I expect that polarization leads to retrenchment if the right bloc, consisting of moderate right and right-wing populist parties, achieves a majority. Again, this could differ for social policy fields where strong interest groups prevail. For example, Afonso & Papadopoulos (2013) argue that the right bloc majority was able to implement retrenchment in labor market policies, but not in pension reforms. In the latter case, the polarization of policy making led to a deadlock. Thus, my focus on labor market policies might overestimate retrenchment implemented by a right bloc majority. However, as indicated in my quantitative analysis in *Paper No. 3*, right bloc majorities are related to less overall social spending compared to left-wing governments. It might therefore be that my results apply to other social policy fields, but less so to pension policies which constitute a more robust case against retrenchment. Nevertheless, in times of economic crisis, governments are able to retrench social policy and claim credit for implementing fiscal responsibility (Bonoli 2012) providing the political right with enough ammunition to implement retrenchment in pension policies at least in future social policy reforms. In this way, the results of my PhD-thesis should apply to a broader range of social policies than just labor market

policies. In addition, my thesis provides valuable contributions on methodological and empirical ground as described next.

### 3.2 Contributions

My PhD-thesis comprises three papers focusing on the voter-level (*Paper No. 1*), the party-level (*Paper No. 2*), and the policy-level (*Paper No. 3*). Each of these three papers makes several contributions to important debates in the scholarly literature. *Paper No. 1* provides new insights for the debate on the question of whether the vote-choice for right-wing populist parties is influenced by socio-cultural conflicts or if it is also structured by socio-economic conflicts. *Paper No. 2* enters the debate on whether right-wing populist parties support welfare state chauvinism or market-liberalism. *Paper No. 3* pits the theoretical perspective that right-wing populist parties facilitate retrenchment against the theoretical perspective that right-wing populist parties make retrenchment more difficult due to their welfare state chauvinism-program. Beyond this, the three papers make methodological contributions to these literatures by introducing new measures of economic insecurity into the literature on right-wing populist parties (*Paper No. 1*), providing a thorough empirical analysis on right-wing populist parties' positions on welfare state issues based on new data which allows a differentiation between election promises and parliamentary action (*Paper No. 2*), and by extending the empirical analysis of right-wing populist parties' influence on social policies beyond already studied cases (*Paper No. 3*).

Focusing first on the voter-level, Swank & Betz (2003) assume that the working class votes for right-wing populist parties because it fears economic decline in times of increased global competition. In contrast, empirical analyses mainly emphasize the importance of anti-immigrant attitudes when explaining electoral support for right-wing populist parties (e.g., van der Brug, Fennema & Tillie 2000, Lubbers & Scheepers 2000, Lubbers, Gijlsberts & Scheepers 2002, Oesch 2008). As argued by proponents of the cleavage literature these anti-immigrant attitudes are rooted in low education rather than in economic insecurity (Bornschieer 2010, Ivarsflaten & Stubager 2012). Lower levels of education are therefore seen as the main factor which explains working class voters' anti-immigrant attitudes and their support for right-wing populist parties. From this perspective, right-wing populist parties are the drivers of a contemporary cultural conflict over the importance of the nation state and the organization, hierarchical ordering and

composition of society. There is certainly much truth to this. The focus on socio-cultural issues, however, conceals that the rise of right-wing populist parties might be connected to changes in the politico-economic structure as well.

Looking at the impact of belonging to the working class on voting for right-wing populist parties in empirical analyses is of little help to tease out such a connection. Even if working class members are more likely to support right-wing populist parties, we do not know if this is due to these voters' authoritarian preferences or because of their economically insecure position (Houtman 2003). In *Paper No. 1*, I pursue a different research strategy, going beyond an approach which uses class to explain electoral support for right-wing populist parties. I use unemployment risk data by Rehm (2009) to measure the economic insecurity of voters and combine this data with survey-data from the European Social Survey, applying different specifications of logit-models to calculate the effect of unemployment risk on attitudes toward immigrants and on vote-choice for right-wing populist parties. In contrast to previous research focusing on an aggregated concept of social class, the use of unemployment risk data as a measure of economic insecurity allows me to investigate whether anti-immigrant attitudes and voting for right-wing populist parties is related to economic insecurity. In addition, this objective measure of economic risk allows it to be compared to the effect of education - the main explanatory factor used by the realignment literature to explain anti-immigrant attitudes and voting for right-wing populist parties. In this way I combine the most advanced research methods on voting behavior in the literature on right-wing populist parties (e.g., Bornschier & Kriesi 2012, Oesch 2008) and cutting-edge measures of economic risk (Rehm 2009, Rehm 2011). Beyond this methodological improvement, *Paper No. 1* contributes to an understanding of the connection between economic structure and political behavior. It shows that economic insecurity is an important factor explaining the electoral support for right-wing populist parties. On the one hand, increased unemployment risk leads to intensified anti-immigrant attitudes which are important determinants of right-wing populist party voting. On the other hand, unemployment risk itself contributes to an increased probability of voting for right-wing populist parties as assumed by Swank & Betz (2003). These are important findings for the literature on right-wing populist parties which has so far mainly argued that attitudes and vote-choice are rooted in education.

In addition, *Paper No. 1* challenges the general model of political economy which assumes

that economic risk translates into preferences for generous welfare state policies and voting for the political left. Voters in economically insecure positions might still have preferences for generous welfare state policies (e.g., Rehm 2011, Walter & Maduz 2009), but these voters also have increased levels of anti-immigrant attitudes, which leads them to support right-wing populist parties. As shown for example by Ivarsflaten (2005) and de Koster, Achterberg & van der Waal (2013), this can result in a working class right-wing populist electorate with preferences for generous welfare state policies, which do not, however, determine their vote-choice. Thus, while economic insecurity still structures vote choice, this might not only manifest itself by preferences for certain welfare state policies as assumed in the general model of political economy, but by preferences for anti-immigrant policies and parties.

According to the general model in political economy and the literature on right-wing populist parties, a working class party, whether politically left or right, would support a pro-welfare state position. Within the literature on right-wing populist parties, Kitschelt & McGann (1995) originally presented a *winning formula* for right-wing populist parties which combines anti-immigrant and market-liberal positions. Since the presentation of this thesis, scholars within this literature have either supported this view or vehemently rejected it. While Kitschelt & McGann (1995) have argued that right-wing populist parties support neoliberal positions because of their middle class and especially petty bourgeoisie electorate, the influx of working class voters into right-wing populist parties' electorates since the second half of the 1990s has caused scholars to argue otherwise. For example, Kailitz (2006) and Mudde (2007) have argued that because of their large working class constituency, right-wing populist parties support pro-welfare state positions. Since right-wing populist parties combine their support for the welfare state with the exclusion of immigrants from such programs, this results in welfare state chauvinism. The thesis has been backed by individual survey data showing that right-wing populist voters possess pro-welfare state positions, but want to exclude immigrants from welfare state benefits favoring welfare state chauvinism (Ivarsflaten 2005, de Koster, Achterberg & van der Waal 2013, Michel 2014, van der Waal et al. 2010). While voter-preferences no doubt have an impact on the policy positions of political parties, it is nevertheless unsatisfactory to take the opinions of the masses as a proxy for the policy positions of the party itself. In addition, scholars have provided selective evidence on right-wing populist parties' policy programs (e.g., Mudde 2007, Kailitz 2006), yet these analyses



are not based on a systematic research design and do not differentiate between different arenas such as, for example the electoral and parliamentary arena. The rather eclectic research agenda provides shaky empirical evidence for the claim that right-wing populist parties support welfare state chauvinism. *Paper No. 2* thus contributes to this literature by providing a systematic analysis on the position of right-wing populist parties on labor market policies using new data and an innovative research design for the analysis of right-wing populist parties' positions on labor market policies both during elections and in parliament.

Theoretically, most of the literature argues that we should derive the position of right-wing populist parties on welfare state policies from their class constituency in a bottom-up fashion. In *Paper No. 2*, I argue that this is not the whole story. Interaction with the political elite - such as cooperation with other parties - influences right-wing populist parties' positions as well. Moreover, the structure of the party system constrains the range of such cooperation to the moderate right. Put differently: as long as right-wing populist parties remain in opposition to the political elite they are able to take any position they want. However, as soon as they decide to engage in cooperation, their choices are constrained by the structure of the party system. In the realm of welfare state policies, this means adapting market-liberal positions when cooperating with the moderate right. In addition, and inspired by the work of Rovny (2012) on the blurring of party positions during elections, I argue that right-wing populist parties with a large working class constituency should tone down their market-liberalism during elections.

While my framework provides a theoretical contribution to the literature by including how cooperation and constituency influence party positions, I empirically test this argument by using a research design which allows for a detailed analysis and prevents me from the fallacy of selecting empirical evidence in a biased way. In *Paper No. 2*, I apply case studies of the Austrian Freedom Party, the Danish People's Party and the Swiss People's Party, combining within- and across-case variation inspired by the work of Immergut (1992). For these comparative case studies, I draw to a certain extent on information provided in the secondary literature. The main basis for these case studies is, however, data collected in the research project "From Elections to Output" sponsored by the Swiss National Science Foundation. Following the work by Kriesi et al. (2008) and Häusermann (2010a), the data contains information on parties' positions on labor market policy issues during elections based on newspaper content analysis, and during

labor market policy reforms in parliament based on content analysis of parliamentary debates. Being part of this research project, I have elaborated code books, set up coding sites, and coordinated and contributed to the collection of the data. The result is a unique data-set with detailed information of parties' positions on labor market policies. This data has allowed me to differentiate between the position of right-wing populist parties during elections and in parliament, and to take a critical view of the widespread belief that right-wing populist parties support welfare state chauvinism. As shown in *Paper No. 2*, right-wing populist parties do not promote welfare state chauvinism in the realm of labor market policies in all instances. When right-wing populist parties cooperate with moderate right parties, they support market-liberal policies. The paper thereby highlights that for understanding thoroughly the position of right-wing populist parties on welfare state issues, we need to take into account their cooperation with other parties and how the party system structures such cooperation. Several scholars have already shown that the position of right-wing populist parties can only be analyzed by taking into account competition with other parties (Bornschier 2012, Carter 2005, Kitschelt & McGann 1995, Meguid 2005). In *Paper No. 2*, I also argue that the relationship with other parties is highly important for understanding the position of right-wing populist parties. In contrast to existing work, my analysis shows that it is not only competitive interaction, but also cooperative interaction which can influence the position of right-wing populist parties.

*Paper No. 2*, however, does not conclude that the working class constituency is completely unimportant. My analysis shows that even if right-wing populist parties cooperate with the moderate right, and even if they support market-liberal labor market reforms, a large working class constituency prevents right-wing populist parties from openly taking market-liberal positions during elections. On the one hand, this provides additional support for Rovny (2012) who argues that right-wing populist parties try to blur their position on welfare state issues during elections. Furthermore, my analysis indicates that to understand parties' policy positions and relate them to policy making, we clearly need to distinguish between what parties say during elections and what they do in parliament.

After having analyzed what positions right-wing populist parties support, *Paper No. 3* analyzes how right-wing populist parties influence social policies. So far, research has mainly focused on the influence of right-wing populist parties on immigration policies (e.g., Akkerman

2012, Howard 2010, Schain 2006, Williams 2006). This focus on immigration issues results from right-wing populist parties' emphasis on them. But even if right-wing populist parties do not emphasize social policy issues in the same manner as other parties, these parties might influence social policies and thereby welfare state development by changing the balance of political power.

While little empirical research exists on the influence of right-wing populist parties on social policies, existing theoretical arguments point in different directions. One perspective argues that right-wing populist parties and the emergence of a unified bloc on the political right consisting of moderate right and right-wing populist parties leads to the polarization of policy making and - as this right-bloc gains a majority - retrenchment (Afonso 2011, Bale 2003). Another perspective argues that even if right-wing populist parties strengthen the political right, their welfare state chauvinism program prevents the political right from retrenching the welfare state (Meret 2010).

In *Paper No. 3*, I review these two perspectives and elaborate the differences between them deriving contrasting hypotheses on how right-wing populist parties influence social policy making and social policy output. I test these hypotheses in a mixed-methods research design: I analyze policy output using time-series-cross-section data regression analyses regressing social spending as an indicator for welfare effort on partisan governments. In addition, I analyze policy making by comparative case studies on labor market policy making in Austria, Denmark, and Switzerland. The paper thereby contributes to the literature by providing new evidence based on a new research design to a so far unsettled question: how do right-wing populist parties influence social policy? The results presented from the time-series-cross-section data regression analysis is based on cutting-edge methodological design. In my research strategy, I follow Schmitt (2013) and use government periods instead of country-years as the unit of analysis, since the former is more suitable for analyzing the effects of political variables which are more slow-moving compared to economic variables. To open up the black box of policy making, I further combine these regression analyses with comparative case studies on policy making. As my results are based on this mixed-method research design, the triangulation increases the validity of my results compared to the existing studies which have either only used small-N (Afonso 2011), or only large-N (Fiva, Folke & Sørensen 2013) research designs.

The time-series-cross-section data regression analyses indicate that governments supported

by right-wing populist parties are related to less social spending compared to left-wing governments, but not compared to centrist governments. In addition, the comparative case studies show that when right-wing populist parties contribute to a right bloc majority, consisting of right-wing populist and moderate right parties, this polarizes policy making setting the political right against the political left facilitating the implementation of retrenchment. Together, these analyses show that right-wing populist parties facilitate retrenchment by strengthening the political right. In comparison to the general model of political economy, these results (especially in combination with *Paper No. 2*) clearly raise doubt about whether today parties with a large share of working class voters are the promoters of a generous welfare state.

In addition, *Paper No. 3* contributes to the existing literature by showing that policy making indeed becomes polarized if right-wing populist parties and moderate right parties cooperate, as argued by Afonso (2011). However, my analyses also show that the policy output of such cooperation is less clear-cut than previously expected. This highlights the need of future research on how right-wing populist parties influence welfare state development. Clearly, such research should not only be rooted in the literature on right-wing populist parties, but should profit from the long tradition of the literature on welfare state, thereby further linking these two literatures as this PhD-thesis has begun to do in a selective manner.

## 4 Implications

By studying how right-wing populist parties are connected to labor market issues on the voter-, party- and policy-level (policy making and policy output), this PhD-thesis is at the intersection of two large strands of literature. First, the thesis is based within the literature on right-wing populist parties. The thesis enters one of the most important debates within this literature, i.e. how important socio-economic and socio-cultural conflicts are for voters and parties. Second, my PhD-thesis relates to the study of the welfare state, especially the general model of political economy, by focusing on the relationships between voters, parties and policies and how these have changed with the realignment of voters and parties.

The most important implication for both of the literatures is that working with a simplified assumption of the link between voters, parties and policies masks important political behavior on part of voters and parties and important consequences for welfare state development. The focus

on socio-cultural issues in the literature on right-wing populist parties misses how right-wing populist voters and parties relate to questions of economic insecurity and welfare state policies. The literature on the welfare states fails to consider how political conflicts which are not related to the economic sphere influence the position of parties and the development of the welfare state by ignoring the shift of the working class to the political right and the emergence of right-wing populist parties.

My results show that we need to take into account what the realignment-literature calls the socio-cultural and socio-economic cleavage (e.g., Kitschelt 1994, Kriesi et al. 2008) to fully understand the voting behavior of voters with lower socio-economic status, party strategies and changes in welfare state policy and policy making. Different conflict dimensions should be seen as integral parts of a complex party system. Reduction of this complexity by eliminating one dimension (e.g. for analytical reasons) leads to erroneous theoretical and empirical conclusions (on reducing complexity in complex social systems see Miller & Page (2007, 40-54)).

The three papers of my PhD-thesis clearly show the interconnection of socio-cultural and socio-economic cleavages. *Paper No. 1* shows that unemployment risk, which is connected to the socio-economic cleavage, influences (a) anti-immigrant attitudes, which in turn is related to the socio-cultural cleavage and (b) voting for right-wing populist parties. The mobilization of right-wing populist party voters thus does not only depend on socio-cultural issues, but also on economic struggles within society. This is of foremost importance in a time of economic crisis. The implication is that political behavior such as attitudes towards immigrants and voting for right-wing populist parties is rooted in and intensified by distributive struggles within the economic sphere. Since economic insecurity intensifies cultural conflicts through its impact on anti-immigrant attitudes and electoral support for right-wing populist parties, we should not expect to see the return of a traditional class struggle as the economic crisis continues, i.e. the struggle between social classes over economic issues (see Ivarsflaten (2005) for such an expectation). It is more likely that issues related to the economic sphere and the welfare state will be integrated into the cultural conflict as already apparent in analyses of voters' preferences on welfare state issues (Häusermann & Kriesi forthcoming).

On the voter-level, the interconnection of socio-cultural and socio-economic cleavages might thus multiply their effect on voting for right-wing populist parties. On the party-level the

interconnection of socio-cultural and socio-economic cleavages seems to constrain actors. In *Paper No. 2*, I show that right-wing populist parties cannot chose their position on labor market policy issues without taking into account their strategic behavior vis-à-vis established political actors. The existence of a specific party system structure consisting of two cleavages but only a limited number of coalition possibilities, restricts the range of possible choices for right-wing populist parties. This is true even though the socio-economic cleavage is less important to them. As right-wing populist parties and the political left are unable to cooperate, right-wing populist parties will have to chose between either being in opposition and supporting a pro-welfare position in line with its working class constituency, or cooperating with the moderate right and supporting market-liberal policies.

*Paper No. 2* points out that right-wing populist parties which cooperate with the moderate right are able to “hide” the incongruence of supporting market-liberalism and having a working class constituency by blurring their position during elections. There might be another way out of this dilemma. To overcome the need to blur their position on welfare state policy issues, right-wing populist parties could shift their position towards “producerism”. According to Abts & Kochuyt (2014), this is a position which demands a very tight link between social security benefits and preceding contributions.<sup>6</sup> Such a position would allow right-wing populist parties to keep a social profile and to exclude marginal groups while being compatible with the ideology of most moderate right parties, since it allows for welfare state retrenchment and does not involve redistribution from high to low incomes. This means, of course, that solidarity and the welfare state at large are sacrificed for a concept of society where only productive forces (and individuals) have value. Paradoxically, this would lead right-wing populist parties to support the economization of our lives, even though right-wing populist parties are often seen as opponents of a penetration of economic thinking (Heinisch 2003, Mudde 2007).

Furthermore, it would still imply that right-wing populist parties do not represent the interest of the working class on welfare state policies in any meaningful way. Producerism would facilitate retrenchment. In this way, such a position would not change the results regarding policy output from *Paper No. 3*, where I show that right-wing populist parties support and

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<sup>6</sup>Within the welfare state-literature, a similar system is known in the continental European welfare states (Esping-Andersen 1990, Palier 2010). However, due to the Christian Democratic ideology of continental welfare states, this insurance system is often complimented by social assistance (Kersbergen 1995) which is not the case in producerism.

facilitate retrenchment. *Paper No. 3* thereby highlights that the rise of right-wing populist parties, resulting from the growing saliency of the socio-cultural conflict, also changes the power balance relevant for the socio-economic conflict. The analysis of political struggles thus needs to take into account the interplay between different cleavages. As I have emphasized in a previous paper with Häusermann and Picot (2013), the general model of the political economy might not be applicable to party systems with a salient socio-cultural conflict dimension where workers and the less-well off do not support the political left.

Beyond this, *Paper No. 3* might further indicate difficulties for developed countries in coping with developments of deindustrialization as they experience voter-party realignment. Although I am fully aware that the following arguments are highly speculative, I believe they are important to point out. In a well-known article, Iversen & Wren (1998) have argued that developed countries face a trilemma which differs depending on the welfare state regime in place as they enter deindustrialization and problems concerning job-creation arise.<sup>7</sup> According to Iversen & Wren (1998) social democratic countries cope with the problems of postindustrial economies by expanding the public sector. This enables equality and high employment rates. According to the authors, this should lead to budgetary deficits or at least unsustainable high tax rates. The rise of right-wing populist parties might pose a different problem for countries which follow this public sector route in their adaption to deindustrialization. If right-wing populist parties in these countries decide to cooperate with moderate right parties as discussed in *Paper No. 2* and *Paper No. 3*, the political right might succeed in gaining office against the political left. Such a shift in executive power from left to right leads to less social spending. The rise of right-wing populist parties might thus undermine social democratic countries' strategies for adapting to deindustrialization by increasing the public sector. In this scenario, even social democratic countries would experience the rise of inequality.

A similar difficulty could arise in continental European countries. According to Iversen & Wren (1998) continental countries accept low employment rates for the sake of balanced budgets

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<sup>7</sup>One could object that the model by Iversen & Wren (1998) no longer applies since deindustrialization has brought with it not only low-wage but also high-wage jobs (e.g., Goos & Manning 2009, Oesch & Menés 2011). As argued by Wren (2013, 38-42, 57-65), however, this does not fundamentally change the logic of the trilemma identified by Iversen & Wren (1998). Although the possibility of high-wage jobs in the service sector might imply that the trade-offs are not quite as stark, in their chapter on "The Trilemma Revisited", Wren, Fodor & Theodoropoulou (2013, 141) show that the trade-off between low-end equality and the expansion of employment in non-dynamic sectors still holds, and more generally state that "governments that are unwilling to sacrifice the goal of inequality must undertake public investment" which again results in the expansion of the public sector.

and low inequality. As argued by a growing literature, this has led to a different kind of inequality in the form of labor market dualism and dualization, i.e. the institutionalization of labor market dualism in social and economic policy (e.g., Emmenegger et al. 2012, Palier 2010). According to this literature, dualization is hard to overcome. It is solidly institutionalized in welfare state policies such as insurance-based unemployment benefits or pay-as-you-go pension schemes. According to Bonoli & Natali (2012*a*), one way to overcome this deadlock is to include both the political left (social democratic parties and labor unions) and the political right (moderate right parties and employers) in so-called modernizing compromises. These compromises might lead to social policy reforms which combine small amounts of retrenchment and small amounts of expansion for new social risk categories. The rise of right-wing populist parties, however, leads to the polarization of policy making as shown in *Paper No. 3*. Compromises across the left-right political spectrum should thus become more difficult. Right-wing populist parties might thus aggravate the adaptation of European countries to the challenges of deindustrialization - in line with the image of right-wing populist parties as opponents of modernization. In both types of welfare states the adaption of the politico-economic regime is further aggravated by the polarization of policy making. As argued by Katzenstein (1985), small countries in Western Europe are so successful in world markets because they are able to keep domestic political struggles low by including a wide range of actors into policy making. Polarization during policy making clearly undermines this strategy, as pointed out by Armingeon (2007), Jones (2008) and Schwartz (2010).

Right-wing populist parties' support for the moderate right - either in the form of a pro-market liberal position or in the form of producerism - should therefore draw countries to what Iversen & Wren (1998) have identified as the neoliberal path through deindustrialization, namely, low safety nets to guarantee balanced budgets and the rise of inequality. One could now draw a full circle, arguing that increased inequality will further increase the strength of right-wing populist parties and so on. It would as yet be too speculative to argue that such a vicious circle of inequality, xenophobia and welfare state retrenchment will come about, however. From a political science perspective, we should expect that such a political development should create its own counter-movements with unknown consequences. Despite the possibility of such a counter-movement, I would nevertheless disagree with Burgoon (2009) who argues that today's



globalization and economic insecurity does not lead to increased xenophobia and authoritarianism as was the case in the early 20<sup>th</sup> century (Polanyi 1944). According to Burgoon (2009) generous welfare states discourage the economically insecure from supporting such radical political movements. However, as shown in my analyses, as right-wing populist parties rise, the welfare state itself comes under attack - an attack based on the support of the very working class voters who would benefit from a generous welfare state.

The next parts following this synopsis present the three papers. Part II presents *Paper No. 1*, which focuses on the voter-level by analyzing how unemployment risk, attitudes toward immigrants and voting for right-wing populist parties are connected. Part III presents *Paper No. 2* on right-wing populist parties' position on labor market policies, thereby focusing on the party-level. Finally, part IV consists of *Paper No. 3*, which assesses how right-wing populist parties influence social policy making and social policy output.



## Part II

# Unemployment risk, attitudes, and voting for right-wing populist parties

### Abstract

Right-wing populist parties mobilize significant parts of the electorate in Western European countries by using a tough anti-immigrant discourse. This paper investigates how the risk of becoming unemployed contributes to this electoral success. Based on existing literature, I hypothesize that a high risk of becoming unemployed increases the likelihood of having negative attitudes toward immigrants and of voting for right-wing populist parties. To test these hypotheses, individual-level data from the European Social Survey has been merged with data on occupational unemployment risk. Based on this data, I estimate the effect of unemployment risk on attitudes toward immigrants in 16 West European countries, and on vote choice for right-wing populist parties in Austria, Denmark, Norway and Switzerland. The paper finds that unemployment risk increases the probability of having negative attitudes toward immigrants and the probability of voting for right-wing populist parties in the four countries investigated.

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This paper was written with the financial support by the Swiss National Science Foundation (grant-number: 100012\_129673 and P1ZHP1\_148684). I would like to thank Jason Beckfield, Beatrice Eugster, Flavia Fossati, Silja Häusermann, Hanspeter Kriesi, Nadja Mosimann, Kirsty Stone Weiler, and Bruno Wüest for their helpful comments on this paper.

# 1 Introduction

Right-wing populist parties and immigration have become important political topics in many Western European countries. These parties and the issue have arrived at center stage because of public perceptions and political agency: immigration has risen slightly, but has become clearly visible because immigrants increasingly come from non-European countries with different cultural and religious backgrounds (Parsons & Smeeding 2006, 7). This visibility has helped political actors to politicize immigration. Most prominently, right-wing populist parties have taken a tough anti-immigrant position and earmarked immigration as their political issue (Lubbers, Gijsberts & Scheepers 2002, 350). In this manner right-wing populist parties have succeeded in becoming important political actors in many Western European party systems (Kriesi et al. 2008).

The importance of the political issue “immigration” for the rise of right-wing populist parties is reflected in their electorate. Several studies conclude that a negative attitude toward immigrants is one of the main factors explaining electoral support for right-wing populist parties (e.g., Lubbers, Gijsberts & Scheepers 2002, Oesch 2008, van der Brug, Fennema & Tillie 2000). These negative attitudes toward immigrants are not randomly distributed within society, but are closely correlated with lower levels of education (Weakliam 2002). Within the realignment-literature, several scholars have therefore argued that education is the most important factor structuring the vote choice for right-wing populist parties. In more general terms, these authors define education as the most important factor structuring the main cleavage in Western European politics (e.g., Iversflaten & Stubager 2012, Oesch 2012) - a cleavage which separates citizens along cultural issues such as attitudes toward immigrants and environmental protection and reduces the relative importance of economic issues.

However, theoretical and empirical contributions provide support for the idea that economic factors might still play an important role: either because people’s position within the economy is important for their well-being, their attitudes and political choices (Mughan, Bean & McAllister 2003), or because preferences on cultural and economic issues are interconnected in many ways (Häusermann & Kriesi forthcoming). In this paper, I therefore investigate how economic factors may influence attitudes toward immigrants and the choice to vote for right-wing populist parties. More specifically, I pose the research question: *Does the risk of becoming unemployed influence*

*the choice to vote for right-wing populist parties?* In contrast to Mughan, Bean & McAllister (2003), and Bornschier & Kriesi (2012), I use an objective measure as proxy for the economic factor. This allows me to (a) investigate if the vote choice for right-wing populist parties is rooted in economic characteristics of voters (and not just subjective assessments) and (b) compare my findings more clearly with the realignment literature's findings on education.

To do so, the paper is structured as follows. In the next section, I elaborate the theoretical perspective. In section 3, I present concepts, the data and the methodological approach. In section 4 the empirical findings are presented. Section 5 concludes by discussing the results more broadly and by placing them within the literature.

## 2 Theoretical perspective

This section sets out the theoretical perspective for this paper. In a first part, I briefly describe the overall view of structural change and rise of right-wing populist parties. In a second part, I discuss the literature on voting for right-wing populist parties and present my hypotheses.

### 2.1 Structural change and right-wing populist parties

Within the literature, the rise of right-wing populist parties is described as the result of large societal changes (Mudde 2007, 201ff).<sup>8</sup> In a nutshell, this perspective argues that change since the 1970s - such as increased globalization - has opened a new divide within society with winners and losers. The latter - often described as low-skilled industrial workers - express their discontent towards these changes and their loss of status by voting for right-wing populist parties: parties they see as defending the status quo and fighting the increasing threats inherent in a modernized and globalized world.

### 2.2 Voting for right-wing populist parties

The structural perspective presented above identifies two overarching political conflicts which political parties may use to mobilize voters (e.g., Inglehart 1984, Kitschelt 1994, Kriesi et al. 2008). The first is an economic conflict which separates pro-(welfare) state from market liberal positions, the second, a cultural conflict which separates universalistic from anti-universalistic

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<sup>8</sup>This section draws on Oesch & Rennwald (2010, 345-350).

positions (Bornschieer 2010).<sup>9</sup> The latter conflict includes diverse issues such as environmental protection, law & order, and especially immigration (Kriesi et al. 2008, 13).

The literature on right-wing populist parties has largely emphasized the importance of the cultural conflict. This is true for research focusing on party systems (e.g., Andersen & Bjørklund 1990, Bornschieer 2010) and the parties themselves (e.g., Minkenberg 2001, Mudde 2007). In addition, analyses of right-wing populist-voters conclude that anti-universalistic attitudes on cultural issues, especially immigration, are one of the most important factors explaining electoral support for right-wing populist parties (Bornschieer & Kriesi 2012, Ivarsflaten 2005, Lubbers, Gijlsberts & Scheepers 2002, Oesch 2008, van der Brug, Fennema & Tillie 2000). These authors argue that anti-universalistic attitudes are themselves rooted in education. Following Weaklim (2002), low education leads to more anti-universalistic views and attitudes.<sup>10</sup> These attitudes, in turn, increase the probability of voting for right-wing populist parties. Thus, education is described within this literature as a determining factor for the choice to vote for right-wing populist parties. Since right-wing populist parties - as a mirror image of new left parties such as green parties - form one pole of the cultural cleavage, education is seen as one of the most important factors involved in structuring the cultural cleavage in West European party systems (Ivarsflaten & Stubager 2012, Oesch 2012).<sup>11</sup>

Although the connection between societal change and party choice is thus conveniently linked to education, it is not entirely clear why economic factors should play no role. All societal trends, which according to this literature have brought about structural change since the 1970s, are clearly connected to changes in the economy: *globalization* has led to increased competition over jobs (Rodrik 1997, 13); *deindustrialization* went along with the shrinking of jobs available for blue collar workers (Rowthorn & Ramaswamy 1997, 2); the increase in *tertiary education* has polarized the employment structure into high-skilled and low-skilled jobs, while the number of medium-skilled jobs has shrunk (Goos & Manning 2009). These changes have therefore clearly

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<sup>9</sup>Scholars have used different labels to describe the cultural conflict dimension. Here, I follow the labels by Bornschieer (2010) for two reasons. First, compared to Kitschelt (1994) who differentiates between *libertarian versus authoritarian*, the labels by Bornschieer (2010) take into account the twofold transformation of the cultural conflict (Kriesi et al. 2008). Second, compared to the labels *integration versus demarcation* used by Kriesi et al. (2008) the labels are more broad and less connected to the impact of globalization and EU-integration.

<sup>10</sup>Weaklim (2002) differentiates between liberal and conservative attitudes. However, this is more a difference in labeling than in substance (see footnote 9)

<sup>11</sup>Bornschieer & Kriesi (2012, 27) conclude that it is solely gender which structures the “world view” which leads to the support of extreme right parties. This contrasts, however, with their earlier findings that education is the main structural factor (Bornschieer 2010, Kriesi 1999, Kriesi et al. 2008).

increased the economic insecurity of citizens and may have led voters - especially low-skilled workers - to support right-wing populist parties; not because they possess anti-universalistic values or because they hold anti-immigrant attitudes, but because their jobs are exposed to increased risks which leads them to support status-quo oriented parties such as right-wing populist parties (Mughan, Bean & McAllister 2003, Swank & Betz 2003). Thus, I hypothesize that:

**Hypothesis 1** *The higher an individual's risk of losing his<sup>12</sup> job, the higher the probability of voting for right-wing populist parties.*

The relationship between an individual's economic situation and his vote choice might be more complicated, however. Several authors have pointed out that social class or other socio-economic characteristics have an effect on vote-choices but do so in an indirect way. According to this perspective, certain characteristics are connected to attitudes, which in turn are connected to voting for right-wing populist parties (e.g., Kitschelt & McGann 1995, Lubbers, Gijlsberts & Scheepers 2002). As voting for right-wing populist parties is often connected to negative attitudes toward immigrants, such a perspective links economic factors to negative attitudes towards immigrants: Since insecure situations increase xenophobic attitudes (Rydgren 2004b), economic insecurity increases negative attitudes toward immigrants. In addition, workers in insecure economic situations fear immigrants as competitors (Lubbers & Scheepers 2000, Lubbers, Gijlsberts & Scheepers 2002) and blame immigrants for their insecure situation (Betz 1994) which would lead them to vote for right-wing populist parties. Thus:

**Hypothesis 2a** *The higher an individual's risk of losing his job, the higher the probability of having negative attitudes toward immigrants.*

**Hypothesis 2b** *An individual's risk of losing his job has no effect on the probability of voting for right-wing populist parties if controlled for attitudes toward immigrants.*

According to hypotheses 1, 2a and 2b, an increase in an individuals' risk of losing his job leads directly or indirectly to the electoral support of right-wing populist parties. Thus first, I expect *unemployment risk* to have a positive effect on *negative attitudes towards immigrants* and on the choice to *vote for right-wing populist parties*. Second, I expect *unemployment risk*

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<sup>12</sup>As analyses have repeatedly shown that men are more likely to vote for right-wing populist parties than women (e.g., Bornschier & Kriesi 2012, Oesch 2008), I deliberately use the masculine form in my hypotheses.

to have no effect on the choice to *vote for right-wing populist parties*, if we control for *negative attitudes towards immigrants*. Attitudes, however, should have a positive effect on the choice to *vote for right-wing populist parties*. These hypotheses will be tested in the following. Before we turn to the results, important information on concepts, data, and method is provided.

### 3 Research Design

This paper looks at two different questions. First, it investigates if unemployment risk increases the probability of having negative attitudes toward immigrants (hypothesis 2a). Second, it investigates how unemployment risk and attitudes toward immigrants are related to the electoral support for right-wing populist parties (hypotheses 1 and 2b). To test these hypotheses, the paper relies on individual survey data from the European Social Survey (ESS) and supplements it with data on occupational unemployment risk by Rehm (2009). Table 2 at the end of this section provides an overview of the variables used. For the analyses the paper relies on binary logistic regression models, but checks the results with multinomial logistic models.

#### 3.1 Concepts and measurement

The hypotheses in section 2 feature three concepts. As a first concept *individual's risk of losing his job* is introduced. In modern labor markets, individuals are exposed to different risks such as unemployment, invalidity, or atypical employment relations. Here, I focus on the risk of becoming unemployed since unemployment remains the most important factor for financial hardship of people and households (Ducan, Jacobs & Paugam 2000). In addition, most studies on right-wing populist parties explicitly refer to the risk of becoming unemployed (Bornschier & Kriesi 2012, Mughan, Bean & McAllister 2003, Swank & Betz 2003). To measure unemployment risk, I rely on data by Rehm (2009), which measures occupational unemployment rates. Thus, occupation-specific unemployment rates are used as a proxy for the risk of becoming unemployed. In jobs with high (low) occupation-specific unemployment rates, the risk of becoming unemployed is assumed to be high (low). The data distinguishes unemployment rates for different occupations using the ISCO-88-classification on the 1-digit and 2-digit level differentiating between 9 and 27 occupations. For this paper the data has been provided in the form of aver-



ages for the years 2002-2006 for sixteen Western European countries.<sup>13</sup> As shown in figure 1, the distributions of these variables are positively skewed, especially the variable measured on the 1-digit-level (graph to the right). In addition to these distributional differences, the measurements have different advantages. The 2-digit-level measurement is more detailed, while the rates calculated on the 1-digit level are based on more observations and therefore more reliable. For this paper I use the 2-digit-level-measure, but all regressions have been calculated with the 1-digit-level-measure without substantial changes in results.

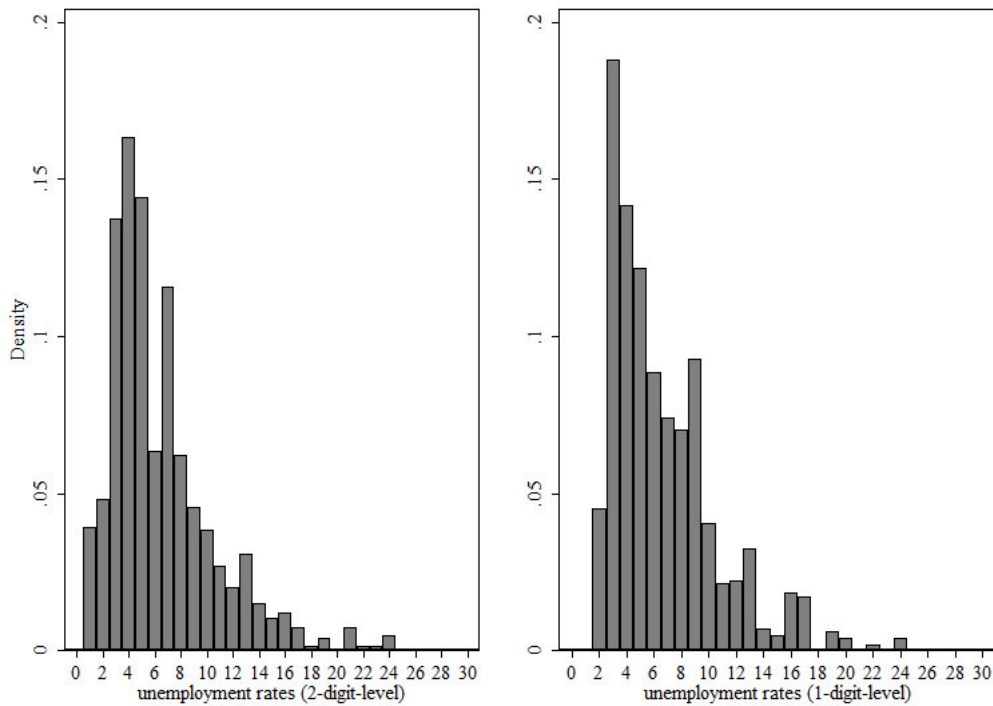


Figure 1: Distribution of variable “occupational unemployment risk”

As the data is based on actual unemployment statistics, it measures objective unemployment risk. I see four advantages in using this data compared to subjective measures of economic insecurity. First, theoretical approaches to explain the choice to vote for right-wing populist parties argue that actual risks rather than perceived risks have an impact (e.g., Kitschelt & McGann 1995, Swank & Betz 2003). Second, as argued by Rehm (2009, 861-862) theoretical reasons suggest that an individual’s occupation is one of the principle loci of prefer-

<sup>13</sup>Personal correspondence with Philipp Rehm. The countries are: Austria, Belgium, Denmark, Finland, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

ence formation and that individuals learn about their risk exposure to unemployment because “they know someone who suffers from these risks”. Third, occupational unemployment risk as measured by Rehm possesses empirical relevance for political preferences (Cusack, Iversen & Rehm 2006, Rehm 2009, Rehm 2011). Finally, objective measures enable an analysis of the question if party-vote choice is structure by socio-economic developments.

A second concept introduced in hypothesis 2 is *negative attitudes toward immigrants*. Several studies on attitudes toward immigrants (e.g., Mayda 2006, Scheve & Slaughter 2001, Sides & Citrin 2007) and on right-wing populist voting (e.g., Oesch 2008) differentiate between two mechanisms of how citizens judge immigrants. First, immigrants are judged according to their impact on the economy and second, citizens judge immigrants according to their impact on cultural life. In this paper, I only focus on the perceived impact of immigrants on cultural life. This is further removed from my economic explanatory variable and therefore constitutes a harder test.<sup>14</sup> As a measure for attitudes toward immigrants, I rely on the European Social Survey-data (round 1-3) which contains questions regarding the impact of immigrants on culture. The precise wording of this question is *Do immigrants enrich or undermine the national culture?* Figure 2 shows the distribution of the variable. Low values are related to “enrich culture” while high values are related to “undermine culture”. The figure indicates that between 6 and 7 there is a critical gap regarding attitudes toward this question.

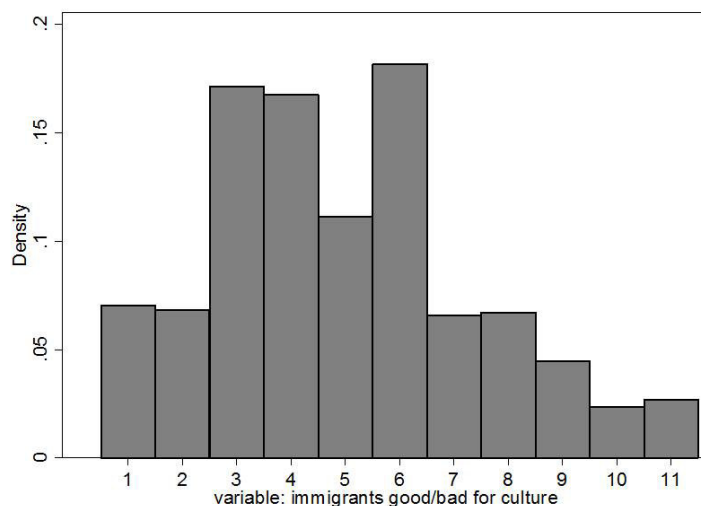


Figure 2: Distribution of variable “immigrants enrich or undermine the national culture”

<sup>14</sup>Similar results have been found for attitudes on immigrants’ impact on the economy in an earlier version of this paper presented at the Annual Conference of the Swiss Political Science Association, 2013.

The last concept I use is *right-wing populist parties*. In the comparative literature, several definitions for similar sets of parties are used (Evans 2003). In this paper, I focus on the definition by Rydgren (2004a, 475) who defines right-wing populist parties as parties which “share the fundamental core of ethno-nationalist xenophobia (based on the so-called ethno-pluralist doctrine) and anti-political establishment populism”. I exclude from my analysis prominent parties within the far right such as the Italian Lega or the Belgium Vlaams Blok because they mainly mobilize on regional issues and the German Republikaner since they are often linked to the neo-Nazi-movement (e.g., Art 2011). Given my data-structure (defined by the ESS-data and the data by Rehm) this leaves me with right-wing populist parties in Austria (Freedom Party, Alliance for the Future of Austria), Denmark (Progress Party, Danish People’s Party), Norway (Progress Party), and Switzerland (Swiss People’s Party, Swiss Democrats, Federal Democratic Union of Switzerland, and Freedom Party).<sup>15</sup>

### 3.2 Data and method

In addition to the data by Philipp Rehm I use data from the European Social Survey which contains valuable information on attitudes, voting behavior, and socio-structural characteristics on the individual level. I use the cumulative ESS-dataset of round 1-3. Compared to single round individual survey data, this provides enough observations for right-wing populist voters and is compatible with the time-span of the Rehm-data. The ESS-data also allows me to include control variables based on the research on attitudes toward immigrants (e.g., Malchow-Møller et al. 2008, Meuleman, Davidov & Billiet 2009, Sides & Citrin 2007) and the research on right-wing populist vote-choice (e.g., Arzheimer 2009, Bornschieer & Kriesi 2012, Evans 2003, Lubbers, Gijlsberts & Scheepers 2002, Oesch 2008). These variables include gender, age, education, income, religiosity, and union membership. For the analyses on the vote choice for right-wing populist parties, I also include attitudes toward immigrants and a variable to measure the attitude toward the importance of following traditions. In contrast to other studies, I do not include social class. The reasoning behind this is that unemployment risk (similar to life chances or social mobility) is one aspect of class. By including class this effect is included, but it remains unclear which aspect of social class is relevant for the effect (see Houtman (2003) for a similar

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<sup>15</sup>I have excluded Finland since the True Finns are only present in one of the ESS-rounds and were still quite small at the time of the surveys (only 0.27% of the respondents voted for them).

argument). Only including unemployment risk, allows me to determine if this specific aspect of social class is important for attitudes and vote choice. However, in a last step I also show the results obtained when class is included as an additional control variable.

Table 2 gives an overview of the variables included in the analyses and presents additional information on how they have been recoded and if they have been included in the regression analyses as categorical (cat) or continuous (con) variables

For my analysis, I include all countries which are jointly covered by the two datasets (ESS and Rehm-data). This includes Austria, Belgium, Denmark, Finland, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, and the UK for the first analysis (dependent variable: attitude toward immigrants), and Austria, Denmark, Norway, and Switzerland for the second analysis (dependent variable: vote choice for right-wing populist parties). I only include respondents in paid work between 16 and 65 for the calculations on attitudes, and respondents in paid work between 18 and 65 who voted in the last election for the calculations on vote-choice.

To investigate the relationship between unemployment risk, attitudes and voting for right-wing populist parties, I apply a binary logit regression analysis following the work by Rehm (2009) on preferences, and Oesch (2008), Arzheimer (2009) and Ivarsflaten & Stubager (2012) on the vote-choice for right-wing populist parties. The first dependent variable (attitude toward immigrants) has 11 response categories. Given this data-structure it would be appropriate to apply ordered logit models (Long & Freese 1997). These models are, however, more difficult to interpret and present. I therefore rely on binary logit models. Figure 2 shows a critical gap between category 6 and 7, and I thus divide the variable into 0 (6 and lower) and 1 (7 and higher). As shown in the appendix, ordered logit (table 6) and logit models with cut-off points other than between 6 and 7 (table 8) do not change the results. The second dependent variable (voting for right-wing populist parties) is also constructed as a binary variable, measuring voting for right-wing populist parties (=1) versus voting for other parties (=0). This very much simplifies the complex voting decision. I therefore also control my results applying a multinomial logit model (see table 10 in the appendix).

Table 2: Variables used in regression analyses

Variable	Type	Description	Data Source	Additional information
dependent var 1: attitude	cat	attitudes toward immigrants	ESS	negative attitude $\geq 7$ , positive attitude $< 7$
dependent var 2: rwpp	cat	vote choice	ESS	for right-wing populist party=1, others=0
risk	con	occ. unemployment risk	Rehm (2009)	see the publications by Rehm (2009)
male	cat	gender	ESS	male=1
age	con	age in years	ESS	
education	cat	education	ESS	Differentiated into educ1: less than lower secondary educ2: lower secondary educ3: upper secondary educ4: post secondary and higher
income	con	income	ESS	households total net income
religious	con	religiosity	ESS	ESS-variable: rlgdgr
union	cat	union membership	ESS	
bad4cult	con	attitude: immigrants and culture	ESS	ESS-variable: imueclt, numeration reversed
bad4eco	con	attitude: immigrants and economy	ESS	ESS-variable: imbgeco, numeration reversed
tradition	con	attitude: importance of traditions	ESS	ESS-variable: imptrad, numeration reversed
prof.selfemp	cat	professional self-employed	ESS	Class according to Oesch (2006)
smallbiz	cat	small business owners	see above	
manager	cat	managers and administrators	see above	
technicians	cat	technicians	see above	
sc.prof.	cat	socio-cultural professionals	see above	
clerks	cat	office clerks	see above	
production	cat	production workers	see above	
service	cat	service workers	see above	

## 4 Empirical Analysis

Table 3 presents the findings on explaining attitudes towards immigrants based on their impact on national culture (in the following; attitude toward immigrants) using a binary logit model.<sup>16</sup> The table lists six socio-structural variables (unemployment risk, education, gender, age, age-squared, and income) and two variables related to inclusion in civil society (religiousness and union membership). The table (as all tables in the following) shows the beta-coefficient (second column), the level of significance (symbol in second column; see the bottom of the table for interpretation) and the standard errors in parentheses (third column).

Table 3: Explaining attitudes toward immigrants

	<b>coef.</b>	<b>std. error</b>
risk	0.039***	(0.007)
educ1	reference	
educ2	−0.152+	(0.092)
educ3	−0.422***	(0.092)
educ4	−1.071***	(0.097)
male	0.100*	(0.048)
age	−0.026+	(0.014)
age2	0.000*	(0.000)
income	−0.001	(0.013)
religious	−0.019*	(0.009)
union	−0.186***	(0.051)
country dum.	not shown	
constant	0.090	(0.310)
R-squared	0.088	
N. of cases	31210	
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001		

As hypothesized in the theoretical part, a higher risk of becoming unemployed increases the probability of having negative attitudes toward immigrants. As shown in the appendix, this result is reproduced using an ordered logit model (table 6), using logit models with different cut-off points (table 8) and using the ISCO-88-1-digit-level measure for unemployment risk instead of the 2-digit-level (table 7).<sup>17</sup> Negative attitudes toward immigrants - even if related to the cultural sphere of life and politics - are related to higher unemployment risk. Table 3 also shows

<sup>16</sup>For all regressions, data has been weighted by the product of the design and population weight following the suggestion by the European Social Survey (<http://essedunet.nsd.uib.no/cms/userguide/weight/>) and the work of Walter & Maduz (2009).

<sup>17</sup>Unemployment risk still has a significant positive effect even if only respondents with unemployment risk below 16% are included (results not shown).

that in line with research on right-wing populist parties, lower education is related to negative attitudes. In addition and in line with research on attitudes, being male, non-religious and non-unionized leads to more negative attitudes toward immigrants. Age has a curve-linear influence while income has no significant effect on attitudes toward immigrants.

As argued in the theoretical section, within the literature on right-wing populist parties, education is often described as the factor which links attitudes on political issues to the cultural conflict. To compare the effects of risk and education on attitudes, figure 3 shows the predicted probabilities as the unemployment risk increases from 0 to 30% (left) and the educational level increases from less than lower secondary school to postsecondary and higher (right). In addition, the figures show the 95% confidence interval. For the right-hand figure the same model has been recalculated but using education as a continuous variable which simplifies the calculation of predicted probabilities. For both models the covariates have the same values.<sup>18</sup>

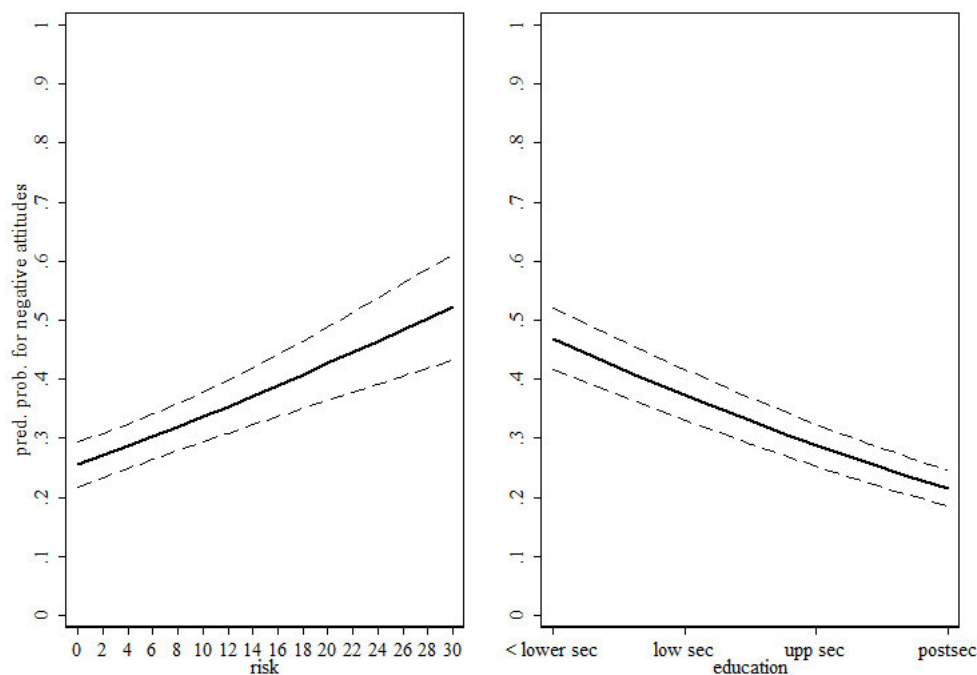


Figure 3: Effect of risk (left) and education (right) on attitudes

The left-hand figure shows that the probability of having negative attitudes toward immigrants increases from 26% to 52%, thus doubling as the risk of becoming unemployed increases

<sup>18</sup>male=1, age=41, income=7, religious=0, union member=0; education has been set on “upper secondary” for the calculation of the left-hand figure and risk has been set on “8” for the calculation of the right-hand figure.

from its lowest empirically observed to its highest. A very similar effect is shown for education in the right-hand figure. As educational achievement increases from less than lower secondary school to postsecondary school and higher, the probability of having negative attitudes toward immigrants decreases from 47% to 22%. Therefore, education - as a socio-structural variable related to the cultural cleavage - and unemployment risk - as a proxy for economic issues - show similar effects on attitudes toward immigrants.

The second set of hypotheses in the theoretical part suggests that unemployment risk should also affect vote choice for right-wing populist parties. To investigate this we look at the choice to vote for right-wing populist parties (=1) or other parties (=0) in Austria, Switzerland, Denmark and Norway - four countries which featured strong right-wing populist parties at the time of our investigation.

Table 4 shows three different models. Model 1 includes the explanatory variables used to explain attitudes: unemployment risk, gender, age, age-squared, education, income, religiousness and union membership. The second model also includes different attitude-variables: attitude toward immigrants' impact on the national culture (*bad4cult*), attitude toward immigrants' impact on the economy (*bad4eco*) and the importance of following traditions (*tradition*). For all three variables higher values indicate more negative attitudes toward immigrants and a strong appreciation of tradition. In addition, the third model includes social class using the class scheme by Oesch (2006).

Model 1 in table 4 shows that unemployment risk has a positive effect on the probability of voting for right-wing populist parties. This effect holds at a high level of significance even if we control for attitude variables (model 2). However, as we include attitude variables, the coefficient of *risk* becomes smaller and the standard error increases relative to the coefficient. Nevertheless, both models clearly show a significant positive effect of unemployment risk on the choice to vote for right-wing populist parties. Again, these results hold if we measure unemployment risk using the 1-digit-level (see table 9).<sup>19</sup> In addition, the multinomial logistic regression in the appendix in table 10 shows that voters with higher unemployment risk are more likely to vote for right-wing populist parties compared to the moderate left (excluding extreme left and green parties in accordance with Bornschier & Kriesi (2012, 29)).

Across all three models, the effects of the control variables gender, age, education, income,

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<sup>19</sup>Also, these results hold if we only include respondents with an unemployment risk smaller than 16%.



Table 4: Voting for right-wing populist parties (A, CH, DK, N)

	Model 1		Model 2		Model 3	
	coef.	std. error	coef.	std. error	coef.	std. error
risk	0.177***	(0.025)	0.141***	(0.027)	0.074*	(0.031)
educ1			reference			
educ2	−0.633	(0.553)	−0.542	(0.595)	−0.592	(0.613)
educ3	−0.683	(0.546)	−0.321	(0.587)	−0.348	(0.606)
educ4	−1.450**	(0.552)	−0.776	(0.594)	−0.661	(0.613)
male	0.514***	(0.087)	0.481***	(0.096)	0.414***	(0.104)
age	−0.057*	(0.027)	−0.016	(0.031)	−0.015	(0.031)
age2	0.001+	(0.000)	0.000	(0.000)	0.000	(0.000)
income	−0.070**	(0.022)	−0.061*	(0.024)	−0.048*	(0.024)
religious	−0.020	(0.016)	−0.033+	(0.019)	−0.035+	(0.019)
union	−0.399***	(0.093)	−0.347***	(0.104)	−0.353**	(0.109)
bad4cult			0.267***	(0.025)	0.263***	(0.025)
bad4eco			0.192***	(0.025)	0.185***	(0.025)
tradition			0.055	(0.037)	0.053	(0.038)
profsselfemp					0.153	(0.337)
smallbiz					0.475*	(0.219)
manager					−0.038	(0.194)
technicians					−0.050	(0.220)
clerks					0.175	(0.229)
production					0.646**	(0.212)
service					0.463*	(0.223)
sc.prof.					reference	
country dum.			not shown			
constant	−0.976	(0.815)	−5.118***	(0.911)	−5.096***	(0.934)
R-squared	0.12		0.22		0.22	
N. of cases	7165		6755		6747	

+ p&lt;0.10, \* p&lt;0.05, \*\* p&lt;0.01, \*\*\* p&lt;0.001

religiousness and union membership have the same direction of effects and point into the expected direction. However, age and education lose their significant effect as we include additional control variables, while religiousness becomes significant.

As indicated in a comparison of model 1 and model 2 attitudes, have a more important effect than socio-structural variables in explaining the choice to vote for right-wing populist parties, as also indicated by the higher adjusted R-square for model 2. As attitude variables are closer to the dependent variable, however, this result is hardly surprising. What is more interesting is how much of the effect of unemployment risk is mediated through attitudes. Calculations following the work of Preacher & Hayes (2008) indicate that about a third (0.32%) of the total effect of risk is mediated through attitudes while two thirds of the effect of risk directly influences vote

choice in favor of right-wing populist parties.<sup>20</sup>

As a last step, model 3 also includes the 8-class scheme by Oesch (2006). As a reference category, I have chosen socio-cultural professionals, the class-electorate least likely to vote for right-wing populist parties (Oesch 2012). As shown by the significant coefficients and in line with existing research, small business owners, production workers and also service workers are significantly more likely to vote for right-wing populist parties than socio-cultural professionals. But even with the inclusion of class, unemployment risk retains a significant effect on the choice to vote for right-wing populist parties.<sup>21</sup> The effect, however, is less strong both in terms of substance and significance. This result underlines the importance of class as a summary measure for life chances and an important variable for the explanation of political preferences. It also highlights the importance of disaggregating class into different factors - such as unemployment risk - to understand how class impacts on voting preferences. As suggested in table 4 one mechanism to explain this might be rooted in different levels of risk of becoming unemployed.

To demonstrate the relationship between unemployment risk and social class, table 5 shows the unemployment risk (median, minimum and maximum) for the 16 countries included in this paper. As in the regression analysis, I use the class scheme by Oesch (2006) differentiating between 8 classes. For table 5, I have sorted the classes according to their median unemployment risk (second column) ranging from 2.6% to almost 8%. At first sight, these numbers seem small. However while in the case of 2.6%-unemployment risk only about 1 out of 40 individuals within the labor force are unemployed, in the case of 8% it is 1 out of 12. Obviously, this makes a big difference. Looking at the order, socio-cultural professionals - the class which according to some scholars is most likely to hold universalistic values and least likely to vote for right-wing populist parties (Oesch 2012) - have the lowest unemployment risk. By contrast, production workers - most often seen as the core-constituency of right-wing populist parties - have the largest median unemployment risk. Similarly, small business owners and service workers also constitute classes with high unemployment risks and increased probability of voting for right-wing populist parties (vis-à-vis socio-cultural professionals) as shown in table 4 and table 5.

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<sup>20</sup>In my calculations, I have followed the UCLA: Statistical Consulting Group (<http://www.ats.ucla.edu/stat/stata/faq/mulmediation.htm>) who adapt the work of Preacher & Hayes (2008) to STATA.

<sup>21</sup>Again this is true for models with unemployment risk-measurements on the 1-digit level (see table 9) and for models where only respondents with an unemployment risk below 16% are included (not shown).

Table 5: Class and unemployment risk

	Median	Minimum	Maximum
socio-cultural professionals	2.6	0.6	11.3
Technicians	3.8	0.6	8.2
Large employers & self-employed professionals	3.9	0.6	22.6
Managers	4.2	1.6	19.3
Clerks	5.9	3.2	14.4
Small business owners	7.2	1.0	29.1
Service workers	7.4	1.0	29.1
Production workers	7.9	2.0	24.3

## 5 Conclusion

In this paper, I analyzed how the risk of becoming unemployed affects (a) attitudes toward immigrants and (b) the choice to vote for right-wing populist parties. Based on the literature I distinguished three relationships. First, individuals with a higher risk of becoming unemployed should be more likely to have negative attitudes toward immigrants. Second, individuals with higher risk of becoming unemployed should be more likely to vote for right-wing populist parties. Third, unemployment risk should have no effect on the choice to vote for right-wing populist parties when we control for attitudes toward immigrants.

The analyses show that a higher risk of becoming unemployed indeed increases the probability of having negative attitudes toward immigrants and the probability of voting for right-wing populist parties in Austria, Denmark, Norway and Switzerland. However, the impact of unemployment risk does not disappear when we include additional variables measuring attitudes. Thus, the risk of becoming unemployed has a direct effect on attitudes and vote choice. These results are robust in three ways. The results do not change as we (a) apply different models, (b) use less noisy but also less detailed measurements of occupational unemployment risk (on the ISCO-1-digit-level), and (c) use a subsample excluding extreme values for unemployment risk.

These findings are in line with studies which explain xenophobic attitudes with people's position on the labor market (Malchow-Møller et al. 2008, Mayda 2006, Meuleman, Davidov & Billiet 2009, Scheve & Slaughter 2001). Second, these findings support the explanation of Swank & Betz (2003), and Mughan, Bean & McAllister (2003), that economic issues have an important effect on vote-choice for right-wing populist parties. In contrast to Mughan, Bean & McAllister (2003), my analyses show that it is not only subjective economic insecurity, but (also) objective

variables measuring economic positions which have an effect. Together, these findings provide a robust micro-foundation for the work by Swank & Betz (2003) who look at the country-level and therefore lack an empirical investigation of the micro-level.

The finding that the risk of becoming unemployed has a significant effect on attitudes toward immigrants and vote-choice for right-wing populist parties is also of importance in the question of how vote-choice and party systems are related to socio-structural variables. As shown in the theoretical part, several scholars have argued that education is the main factor which structures today's cleavage (e.g., Kriesi et al. 2008, Oesch 2012). However, my analyses have shown that economic issues might also have an important effect, at least for the structuring of the vote-choice for right-wing populist parties in Austria, Denmark, Switzerland and Norway.

## 6 Appendix: Additional tables

Table 6: Explaining attitudes toward immigrants (ordered logistic model)

	<b>coef.</b>	<b>std. error</b>
risk	0.038***	(0.005)
educ1	reference	
educ2	−0.093	(0.075)
educ3	−0.431***	(0.074)
educ4	−1.027***	(0.075)
male	0.063+	(0.033)
age	−0.029**	(0.010)
age2	0.000**	(0.000)
income	−0.011	(0.009)
religious	−0.021**	(0.007)
union	−0.208***	(0.037)
country dum.	not shown	
cuts	not shown	
R-squared	0.035	
N. of cases	31210	
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001		

Table 7: Explaining attitudes toward immigrants (risk measured on 1-digit-level)

	<b>coef.</b>	<b>std. error</b>
risk1d	0.042***	(0.008)
educ1	reference	
educ2	−0.142	(0.091)
educ3	−0.424***	(0.092)
educ4	−1.058***	(0.097)
male	0.106*	(0.047)
age	−0.028*	(0.014)
age2	0.000*	(0.000)
income	0.001	(0.012)
religious	−0.020*	(0.009)
union	−0.200***	(0.051)
country dum.	not shown	
constant	0.096	(0.308)
R-squared	0.086	
N. of cases	31448	
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001		

Table 8: Explaining attitudes toward immigrants (different cut-off points)

	<b>cut-off 5</b>	<b>cut-off 6</b>	<b>cut-off 8</b>	<b>cut-off 9</b>	<b>cut-off 10</b>
risk	0.044***	0.050***	0.033***	0.038***	0.026*
R-squared	0.084	0.087	0.083	0.083	0.079
N. of cases	31210	31210	31210	31210	31210
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001					

Table 9: Voting for right-wing populist parties (A, CH, DK, N) (1-digit)

	Model 1		Model 2		Model 3	
	coef.	std. error	coef.	std. error	coef.	std. error
risk1d	0.196***	(0.025)	0.153***	(0.028)	0.070+	(0.036)
educ1			reference			
educ2	−0.767	(0.533)	−0.730	(0.619)	−0.704	(0.631)
educ3	−0.811	(0.525)	−0.506	(0.610)	−0.461	(0.622)
educ4	−1.531**	(0.531)	−0.930	(0.616)	−0.777	(0.628)
male	0.557***	(0.087)	0.514***	(0.096)	0.425***	(0.105)
age	−0.053+	(0.027)	−0.013	(0.031)	−0.014	(0.031)
age2	0.001+	(0.000)	0.000	(0.000)	0.000	(0.000)
income	−0.072**	(0.022)	−0.061*	(0.024)	−0.049*	(0.024)
religious	−0.020	(0.016)	−0.034+	(0.019)	−0.035+	(0.019)
union	−0.445***	(0.093)	−0.383***	(0.104)	−0.366***	(0.109)
bad4cult			0.267***	(0.025)	0.262***	(0.025)
bad4eco			0.190***	(0.025)	0.184***	(0.025)
tradition			0.054	(0.037)	0.053	(0.037)
profsselfemp					0.205	(0.336)
smallbiz					0.517*	(0.218)
manager					0.007	(0.193)
technicians					0.003	(0.218)
clerks					0.157	(0.234)
production					0.653**	(0.217)
service					0.491*	(0.226)
sc.prof.			reference			
country dum.			not shown			
constant	−1.015	(0.799)	−5.030***	(0.929)	−4.972***	(0.946)
R-squared	0.121		0.217		0.222	
N. of cases	7190		6777		6762	
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001						

Table 10: Voting for right-wing populist parties (A, CH, DK, N) (multinomial Logistic)

	coef.	std. error
<b>moderate right parties</b>		
risk	−0.013	(0.025)
educ 1	reference	
educ2	0.085	(0.898)
educ3	0.601	(0.892)
educ4	0.895	(0.894)
male	0.465***	(0.082)
age	−0.035	(0.029)
age2	0.000	(0.000)
income	0.099***	(0.025)
religious	0.032+	(0.017)
union	−1.142***	(0.111)
bad4cult	0.081***	(0.022)
bad4eco	0.043+	(0.022)
tradition	0.050	(0.031)
country dum.	not shown	
constant	−4.904***	(1.163)
<b>right-wing populist parties</b>		
risk	0.122***	(0.031)
educ 1	reference	
educ2	−0.521	(0.804)
educ3	−0.194	(0.798)
educ4	−0.524	(0.805)
male	0.727***	(0.109)
age	−0.049	(0.035)
age2	0.000	(0.000)
income	−0.057*	(0.026)
religious	0.034	(0.023)
union	−0.850***	(0.125)
bad4cult	0.291***	(0.030)
bad4eco	0.215***	(0.029)
tradition	0.071+	(0.042)
country dum.	not shown	
constant	−3.892***	(1.129)
R-squared	0.219	
N. of cases	4431	
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001		





## Part III

# The limits of welfare state chauvinism

### Abstract

Right-wing populist parties have mobilized a large share of working class voters in many Western European countries. This has led to the assumption that right-wing populist parties support welfare state chauvinism, linking their policy position to their working class electorate. However, right-wing populist parties' position is not only influenced by their voters but also by the interplay with mainstream parties. In this paper, I argue that right-wing populist parties take on market-liberal instead of welfare state chauvinism-positions to facilitate cooperation with the mainstream moderate right, their most important political ally. This hypothesis is tested by analyzing right-wing populist parties' positions on labor market policy issues in Austria, Denmark and Switzerland. Based on comparative case studies drawing on primary data (newspaper articles and parliamentary debates) and secondary literature, this paper shows that right-wing populist parties' cooperation with the moderate right indeed leads these parties to support market-liberalism.

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This paper was written with the financial support by the Swiss National Science Foundation (grant-number: 100012\_129673 and P1ZHP1\_148684). I would like to thank Aurélien Abrassart, Karen Anderson, Simon Bornschier, Marius Busemeyer, Julian Garritzmann, Ulrich Glassmann, Silja Häusermann, Jason Hecht, Hanspeter Kriesi, Nadja Mosimann, Roula Nezi, Kirsty Stone Weiler and Janis Vossiek for their helpful comments on this paper.

# 1 Introduction

Many Western European countries have witnessed the rise of right-wing populist parties. These parties stand out as opponents of the political elite and as fierce advocates of a restrictive position toward immigrants (Rydgren 2004a, 475). Their anti-immigrant position has helped right-wing populist parties to mobilize a substantial share of voters, especially among voters with low levels of education (Ivarsflaten & Stubager 2012), high unemployment risks (see section II) and a lot to lose from globalization (Kriesi et al. 2008). By increasing both their emphasis on anti-immigration and their focus on globalization losers, right-wing populist parties have become the new party of the working class since the late 1990s (Bornschieer & Kriesi 2012, Evans 2003, Oesch 2008).

This growth of working class support for right-wing populist parties has led to changes in these parties' position on welfare state issues and social policies. Analyses from the mid-1990s show that right-wing populist parties sought support from the middle class and especially from small business owners which led these parties to support market- or neoliberal positions (Betz & Immerfall 1998, Kitschelt & McGann 1995), i.e. a position against the interference of the state in market relations and against redistribution through the welfare state. The increase in working class voters in right-wing populist parties' constituencies during the late 1990s has led several scholars to argue that right-wing populist parties support welfare state chauvinism, i.e. support for generous welfare state programs for native citizens while excluding immigrants (Betz & Meret 2012, Kailitz 2006, Mudde 2007).

Empirical evidence for this welfare state chauvinism-thesis largely relies on the study of right-wing populist parties which have been stigmatized by other political parties such as the Front National in France (Betz & Meret 2012) and the Progress Party in Denmark (Andersen & Bjørklund 1990). In contrast, right-wing populist parties which cooperate with mainstream parties such as the Freedom Party of Austria or the Swiss People's Party are much less devoted to welfare state chauvinism (Afonso 2011, Heinisch 2003). Starting from this difference, this paper analyzes how the policy position of right-wing populist parties is influenced by their cooperation with mainstream political parties, i.e. by building alliances with mainstream political parties during policy making and government coalition building.

The main argument of this paper is that right-wing populist parties which cooperate with

mainstream political parties will support market-liberal positions. On the one hand, right-wing populist parties' focus on immigration, and cultural issues more generally, gives them the opportunity to have flexible positions on social policy - despite their working class constituency. On the other hand, right-wing populist parties form the opposite pole to left-wing parties (Ignazi 1992, Oesch 2012) and moderate right parties are the only partners left for cooperation. This provides right-wing populist parties with an incentive to adopt market-liberalism to facilitate cooperation. Combined, right-wing populist parties have the opportunity and incentive to adopt market-liberal positions if they chose to cooperate with the moderate right. And as argued by different authors, cooperation with mainstream parties is attractive for right-wing populist parties as it provides them with leverage in the electoral and parliamentary arena (Bale 2003, Meret 2010).

For the empirical analysis, I focus on the Freedom Party of Austria (FPÖ), the Danish People's Party (DFP), and the Swiss People's Party (SVP) and their position on labor market policy issues, i.e. active and passive labor market policies from the mid-1990s to the mid-2000s. To analyze their positions, I clearly distinguish between positions in the electoral and parliamentary arena, thereby differentiating word from action. This differentiation allows two empirical results to be detected. First, as right-wing populist parties in Austria, Denmark, and Switzerland cooperate with the moderate right they lean toward market-liberal positions during elections and clearly support market-liberal policies in parliament. Second, my analysis shows that a large share of working class voters prevents right-wing populist parties in Austria and Denmark from supporting market-liberalism too openly during elections which leads them to blur their position.

This paper presents these theoretical considerations and empirical results in four further sections. In the next section I consider conditions which lead right-wing populist parties to support market-liberalism rather than welfare state chauvinism. The third section discusses my research design including the case study approach, the case selection and data. In the fourth section I present my empirical analysis based on three case studies. In a first part, I show how the FPÖ's cooperation and non-cooperation with the moderate right influences its position on labor market policies. In a second part, I present a comparison of the labor market policy position of the DFP and the SVP, thereby comparing two right-wing populist parties with very

different shares of working class voters. In the last section, I summarize my findings and discuss them in relation to the literature on right-wing populist parties.

## **2 Right-wing populist parties and their position on social policies**

Right-wing populist parties are based on working class support and are located on the political right. This combination of class constituency and party position has resulted due to the rise of right-wing populist parties in tandem with a transformation of Western European countries' social structure and politics (Bornschieer 2010, Betz & Immerfall 1998, Kitschelt & McGann 1995, Mudde 2007). The expansion of tertiary education (Kriesi 1999) and the rise of the service economy (Kitschelt 1994) have led to an enlargement of the educated middle class. The political left has reacted to this societal transformation and adapted its program to this new segment of the middle class by integrating a liberal and universalistic position on cultural issues and hushing its tune on social and economic issues (Kitschelt 1994). This new program has disappointed the left's traditional working class constituency as the universalistic agenda is at odds with the authoritarian and anti-universalistic attitudes of the working class. As a result, right-wing populist parties have been able to mobilize the working class with anti-universalistic positions on cultural issues, most importantly a restrictive position toward immigrants (van der Brug, Fennema & Tillie 2000, Lubbers, Gijlsberts & Scheepers 2002). This voter-party-realignment provides right-wing populist parties with a distinct structural basis and has made right-wing populist parties the party of the working class in several Western European countries (Art 2011, Bornschieer & Kriesi 2012, Betz & Meret 2012, Oesch 2008).

### **2.1 The position of right-wing populist parties as working class parties**

The alignment of right-wing populist parties with a distinct class constituency has been used to explain these parties' political programs. Very prominently, Kitschelt & McGann (1995) have argued that successful right-wing populist parties adopt an authoritarian position on cultural issues to attract the working class. To attract the middle class and especially small business owners, right-wing populist parties adopt market-liberalism<sup>22</sup>, i.e. an ideological position which is against the interference of the state in market relations, against any kind of redistribution and

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<sup>22</sup>Sometimes termed *neoliberalism* or *economic liberalism*.

for the reduction of the social security system because of the distortion and tax-costs involved. The authors have termed the combination of these positions the *winning formula* for right-wing populist parties. In a follow-up version McGann & Kitschelt (2005) have argued that right-wing populist parties are also influenced by their growing working class constituency. These working class voters oppose a wholehearted dismantling of the welfare state and as a consequence, right-wing populist parties shift to centrist positions on welfare state issues (see also, Kitschelt 2012, de Lange 2007).

The influx of working class voters into the electorate of right-wing populist parties can even shift these parties to a pro-welfare state position according to some scholars. Based on a study of the Norwegian and Danish Progress Parties, Andersen & Bjørklund (1990) have argued that right-wing populist parties support the welfare state because of their large working class electorate but at the same time want to exclude immigrants from it, supporting so called *welfare state chauvinism*. Very similarly, Mudde (2007), as well as Heinisch (2003) and Kailitz (2006) argue that right-wing populist parties represent the interest of the working class for a generous welfare state. Yet given right-wing populist parties' distinct ideology based on authoritarianism, nativism, and populism, they also stand for the exclusion of foreigners and immigrants from these social security systems.

These different positions of right-wing populist parties on social policies are described in a two-dimensional space in figure 4. Following the work by van der Waal et al. (2010) on welfare state chauvinism, the horizontal axis spans from generous to lean social policies. The vertical axis spans from an egalitarian to an anti-egalitarian way of distributing the benefits of such policies to different groups; in the case of welfare state chauvinism to native workers and immigrants. The market-liberal position of right-wing populist parties with a large share of middle class and small business owner-voters is in the upper right corner (point "ML" for market-liberalism), i.e. lean social policy for all. The welfare state chauvinism-position of working class right-wing populist parties is in the lower left corner (point "WSC" for welfare state chauvinism) combining generous social policies but in an anti-egalitarian way meaning the exclusion of immigrants (see also, de Koster, Achterberg & van der Waal 2013, Reeskens & van Oorschot 2012). In line with the scholarly view presented above, right-wing populist parties' positions on social policies are located somewhere between point ML and WSC depending on their class constituency. Thus,

as the working class becomes more important, right-wing populist parties shift away from their market-liberal position in ML to a more welfare state chauvinist position close to WSC.

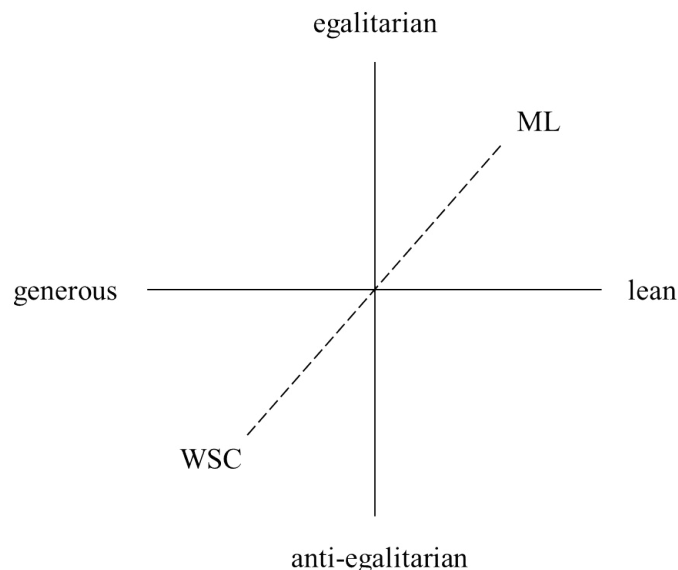


Figure 4: Space for the social policy position of right-wing populist parties

The policy space in figure 4 clearly resembles the political space used by several scholars to describe contemporary party systems (e.g., Kitschelt 1994, Kriesi et al. 2008). However, figure 4 only relates to social policy issues. This means that even if right-wing populist parties take positions on the upper half of figure 4, they can still be chauvinist or anti-immigrant in policy fields outside of the realm of social policy, for example in immigration policy.

## 2.2 The position of right-wing populist parties when cooperating

The theoretical perspective presented above focuses on the voter side of party politics and conceptualizes parties as pure representatives of their class constituency, but parties are not only interested in representing their voters. Parties also follow other objectives (e.g., Strøm 1990) which might be compatible with or in contrast to the representation of their class constituency. If right-wing populist parties are not only concerned with a one-to-one representation of their constituency's policy preferences, their policy position should also be influenced by the interaction with actors other than their voters. Next to their interaction with the masses, their interaction with the political elite is of foremost importance.

Art (2011) has pointed to the relationship of right-wing populist parties with established political actors in a very basic way arguing that right-wing populist parties highly depend on their acceptance by established political parties to build stable political organizations. Looking at party competition, several scholars have argued that the electoral success of right-wing populist parties depends on the behavior of moderate left and moderate right parties (Bornschier 2012, Carter 2005, Dahlström & Sundell 2012, Meguid 2005). Going one step further, Bale (2003) argues that right-wing populist parties depend on cooperation with established political parties to be electorally successful, to gain office and to influence policy making.

To make such cooperation possible, right-wing populist parties first need to become respectable parties. According to Rooduijn, de Lange & van der Brug (2014) and Heinisch (2004, 259), right-wing populist parties have reacted to this “Normalisierungsdruck” by toning down their populism. Right-wing populist parties’ high programmatic adaptability (Heinisch 2004, 254) should give them further means to make themselves fit for cooperation. This adaptability might be smaller on cultural issues, as an anti-universalistic position on these issues forms the core of right-wing populist parties’ programs (Mudde 2007, Rydgren 2004a), but social policy is less important to right-wing populist parties (Kailitz 2006, Mudde 2007) as well as to their voters (Ivarsflaten 2005, Oesch 2008). This enables right-wing populist parties to change their position on social policy issues and to make themselves viable political allies to established political actors.

While the primacy of cultural over social policy issues provides right-wing populist parties with the opportunity to change position on social policy, the structure of the party system gives them the incentive to do so. From a party system perspective, right-wing populist parties form the opposite pole to left-wing parties (Ignazi 1992, Oesch 2012). This opposing position is aggravated as right-wing populist parties often choosing left-wing parties as targets for their populist and anti-establishment discourse (Rydgren 2004a, Skenderovic 2009). As such, moderate right parties are the only partners left for cooperation (Akkerman & de Lange 2012, 579). At the same time moderate right parties are interested in cooperating with right-wing populist parties for electoral and policy making reasons (Bale 2003, de Lange 2012). In several countries, the moderate right has signaled a willingness for cooperation by converging ideologically with right-wing populist parties on issues related to immigration (de Lange 2012). On social



policy issues, however, moderate right parties might be less willing to change their position, as market-liberalism is at the heart of their programs.<sup>23</sup> This gives right-wing populist parties the incentive to align their position to the policy position of the moderate right. In sum, right-wing populist parties have the opportunity as well as the incentive to shift to market-liberal positions on social policy as they cooperate with these actors.

### 2.3 Policy position depending on class and cooperation

Taken together, right-wing populist parties' positions are influenced by their class constituency and their cooperation with the moderate right. As argued by a wide range of scholars, the increase of the working class in their constituency should shift right-wing populist parties' position on social policy from market-liberal to welfare chauvinism, i.e. from ML to WSC in figure 4. In contrast and despite the rising importance of the working class for right-wing populist parties, if right-wing populist parties cooperate with the moderate right they will shift toward market-liberalism, i.e. away from point WSC toward point ML in figure 4.

For right-wing populist parties with less reliance on the working class, supporting market-liberalism to facilitate cooperation should pose no problem. The difficulty is much greater, however, for right-wing populist parties with a large share of working class voters. On the one hand, these parties need to support market-liberalism in cooperation with the moderate right, at least in parliament where the moderate right is dependent on right-wing populist parties' support. On the other hand, working class right-wing populist parties cannot present themselves as enemies of the welfare state, at least during elections. For these parties we should therefore expect that they shift toward market-liberalism during elections but stop somewhere between the end-points WSC-ML in figure 4 - coming close to what Rovny (2012) has called a *blurring of positions*, i.e. neither the one nor the other.

Note, however, that the hypothesized positions in figure 4 only relate to social policy. My argument is not that right-wing populist parties will abandon anti-immigrant positions when they cooperate with the moderate right. Anti-immigrant positions are the corner-stone of right-wing populist parties' programs (Mudde 2007, Rydgren 2004a), of their voters' concern and of their electoral success (Lubbers, Gijlsberts & Scheepers 2002, Oesch 2008, van der Brug, Fennema

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<sup>23</sup>Franzmann (2008, 91) shows that even Christian democratic parties have shifted to more right-wing positions on social and economic issues since the 1970s.

& Tillie 2000). Rather, I argue that right-wing populist parties will not support pro-welfare state position for native workers, but will take a position which favors lean social policy for all as they cooperate with the moderate right. Furthermore, right-wing populist parties which choose not to cooperate with established actors are able to support welfare state chauvinism as shown for example by the French Front National (Betz & Meret 2012).

### 3 Research design: Case selection, method and data

This paper provides an analysis which is complementary to existing empirical evidence on right-wing populist parties' positions on social policy. As argued above, research has shown that right-wing populist parties not cooperating with mainstream parties support market-liberalism if they do not rely much on a working class constituency, but will support welfare state chauvinism if they have a large working class constituency.<sup>24</sup> These parties fall in the top row of table 11 which differentiates between cooperation/non-cooperation on the vertical axis and the share of working class support on the horizontal axis. Less is known about right-wing populist parties cooperating with mainstream political actors. These parties fall in the bottom row of table 11. Given the existing empirical evidence for non-cooperating right-wing populist parties, this paper mainly focuses on right-wing populist parties cooperating with mainstream political actors, i.e. the bottom row of table 11. According to the theoretical argument presented above, right-wing populist parties which cooperate and do not depend on a large working class electorate should clearly adopt market-liberal positions while right-wing populist parties which cooperate and depend on a large working class electorate should support market-liberal positions at least in parliament while blurring their positions during elections.

Taking support of or participation in national governments from the mid-1990s to the mid-2000s as a proxy for cooperation (e.g., Art 2011, Bale 2003, de Lange 2012), right-wing populist parties in this category include the Alliance for the Future of Austria, the Danish People's Party, the Freedom Party of Austria, the List Pim Fortuyn, the Northern League, the Progress Party in Norway and the Swiss People's Party. From these parties, I select the Danish People's Party (DFP), the Freedom Party of Austria (FPÖ) and the Swiss People's Party (SVP) for the case

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<sup>24</sup>Examples from the literature are the Italian Social Movement (Kitschelt & McGann 1995, 181) or the Italian Northern League (Betz & Immerfall 1998) relying less on the working class and supporting market-liberalism or the Danish Progress Party (Andersen & Bjørklund 1990) and the French National Front (Betz & Meret 2012) relying on the working class and supporting welfare state chauvinism.

Table 11: Cooperation and class as influences on policy positions

		Large share of working class voters	
		no	yes
Cooperation	no	Market-liberalism	Welfare state chauvinism
	yes	Market-liberalism	Market-liberalism (blurred)

study analysis for three reasons.

First, the DFP, FPÖ and SVP are right-wing populist parties which have been important political actors for some time. The Danish People’s Party was founded in 1995 as a spin-off of the anti-tax Progress Party. According to some scholars the DFP is seen as the successor of the Progress Party (e.g., Art 2011, 154) and by some as a party with a different profile (e.g., Rydgren 2004a, 480). Whatever the precise characterization, the DFP possesses a distinct connection to the Progress Party, having stated that it would promote the same policies as the Progress Party (Art 2011, 154, 156). These policies focus largely on ethno-nationalist xenophobia and anti-political establishment populism (Rydgren 2004a, 475, 491). In contrast, the Austrian Freedom Party was founded as long ago as 1955, but changed its profile in the mid-1980s. The party’s social origin lay in Austria’s sub-society (so-called *Lager*) of the pan-Germanists which unites nationalists and liberals (Art 2011, 115). With the help of the nationalist camp within the FPÖ, Jörg Haider seized the leadership of the FPÖ in 1986 and led the FPÖ to a clearly xenophobic and anti-immigrant position (Pelinka 2002, 284). The party also followed a populist rhetoric as it claimed to be the sole representative of the people against the interests of the elite (Pelinka 2002, 284). Finally, similar to the FPÖ the Swiss People’s Party resulted from a transformation of an already established party into a right-wing populist party. Originally, the SVP was founded as a right-wing conservative party in 1936 representing farmers and small business owners (Skenderovic 2009, 125). In the mid-1980s, the SVP turned into a right-wing populist party with a right-authoritarian position (Skenderovic 2009, 128). Although the SVP first used its opposition against international processes such as Swiss participation in the United Nations and the European Community, its “politics of resentment” (Skenderovic 2009, 160) during the 1990s turned also against the political class and immigrants (Skenderovic 2009, 160-

169). The three parties therefore clearly belong to the right-wing populist party family since they mobilize on ethno-nationalist xenophobia and rely on anti-establishment populism - the core-elements of right-wing populist party ideology (Rydgren 2004a, 475). In contrast, the Lega Nord although being part of the right-wing populist party family, strongly mobilizes on an ethno-regionalist discourse (Mudde 2007, 56) which might bias its position on social and economic issues. The List Pim Fortuyn as well as the Alliance for the Future of Austria have been short-lived or recent phenomena which complicates an in-depth analysis of their position on social policies. Finally, the Progress Party of Norway and the Danish People's Party both supported right-wing minority governments after 2001. In this analysis, I focus on the DFP since it was more involved in cooperation with the moderate right (Akkerman & de Lange 2012, Akkerman 2012, Art 2011, de Lange 2012, Meret 2010) and since it is seen in the literature as one of the most important examples of a working class right-wing populist party (see below).

Second, the DFP, FPÖ and SVP differ in how much they rely on the working class. These differences are shown in figure 5 which shows the share of working class voters (service workers, low-skilled clerks and production workers) and other class-segments (middle class and self-employed) for each of the three right-wing populist parties based on data by the European Social Survey (round 1 and 2<sup>25</sup>).

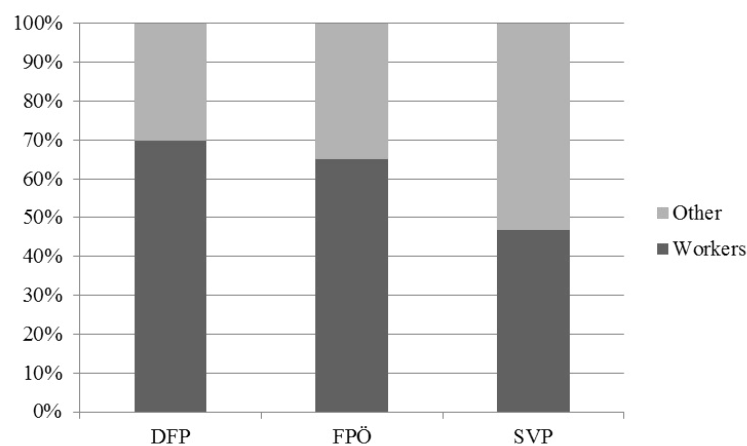


Figure 5: Share of working class in electorate

Source: ESS round 1 and 2; own calculations.

The DFP (bar to the left) and FPÖ (bar in the middle) clearly rely on the support of the

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<sup>25</sup>I focus on round 1 and 2 since these rounds provide a picture of the class constituency in 2002 and 2004 almost in the middle of the period of investigation of this paper.

working class since the working class amounts to more than half of its electorate (70 and 65% of electorate). In the literature, the DFP is often described as the most prominent examples of a right-wing populist party with a working class constituency (e.g., Ivarsflaten 2005, Meret 2010). Although the FPÖ largely relies on working class support as well, McGann & Kitschelt (2005) have pointed out that the FPÖ became a working class party in the mid-1990s while it was less so in the early 1990s (see also empirical section below). In contrast to the DFP and FPÖ, the SVP is much less dependent on the working class, and the middle class and the self-employed constitute more than 50% of its electorate. Although the SVP mobilizes the working class in similar shares as other right-wing populist parties in Western Europe (Oesch 2008, 357), the Swiss working class is smaller due to the large share of foreign workers<sup>26</sup> which translates into a smaller share within the SVP-electorate. The variation between the DFP/FPÖ and the SVP regarding the share of working class within their electorates, allows the influence of working class shares on social policy position to be analyzed, covering the horizontal dimension in table 11.

The third reason to focus on the DFP, FPÖ, and SVP is that despite their anti-establishment populism these parties have cooperated with the moderate right, but in different ways. From the start of its foundation in the late 1990s, the DFP's goal was to become an acceptable coalition partner to moderate right parties, a goal it achieved in 2001 (Art 2011, Meret 2010). Similarly, the SVP despite being one of the established parties of Switzerland has been seeking respectability among the other moderate right parties (Heinisch 2004, 259), has cooperated as part of the bourgeoisie-bloc (Ladner 2006) and competed to be the voice of the business community since the mid-1990s (Afonso & Papadopoulos 2013). Finally, the FPÖ pursued the same goal but only at certain points in time. Until the mid-1990s the FPÖ cultivated its status as an opposition to the established parties, but the party leadership actively sought to make itself an acceptable coalition partner to the moderate right People's Party (ÖVP) in the mid-1990s (Luther 2011). After participating in government with the ÖVP from 1999-2006 the FPÖ returned to opposition.

This paper takes advantage of the variation in working class support and patterns of cooperation offered by these three right-wing populist parties. Following the work by Immergut (1992), I combine case studies of across and within case variation to analyze how cooperation and class

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<sup>26</sup>According to official data, the share of foreign workers in occupations such as *craftspersons and related occupations* ("Handwerks- und verwandte Berufe") was 29% and in occupations such as *machine operators* ("Anlagen- und Maschinenbediener") it was 34% in 2000 (Bundesamt für Statistik 2002, 201).

constituency influence right-wing populist parties' positions on social policy. First, I present a case study on the FPÖ over time to analyze the influence of cooperation and non-cooperation. Second, I present two case studies of the DFP and SVP to compare how their different share in working class support influences their position on social policy. For these case studies, I focused on labor market policies, i.e. issues related to active and passive labor market policies. Labor market policies (LMPs) constitute an excellent case for the analysis of right-wing populist parties' social policy position. First, LMPs are clearly connected to the needs and interests of the working class. This connection is important because scholars argue that right-wing populist parties support welfare state chauvinism because of their working class constituency. Other areas of social policy such as pensions or health affect the working class, but also a wider range of groups including pensioners and the sick. As the range of stakeholders grows beyond the working class, it becomes unclear if right-wing populist parties support certain social policies because of their working class voters or because they want to cater for example to the growing group of pensioners. Furthermore, preferences on LMPs are assumed to differ across the left-right divide (e.g., Esping-Andersen 1990, Allen & Scruggs 2004, Huo, Nelson & Stephens 2008). This difference should highlight changes in right-wing populist parties' positions as they cooperate with the moderate right and align with these preferences. Such difference between politically left and politically right positions are less clear-cut in other policy fields, for example in health care (Immergut 1992) or family policy (Häusermann & Kübler 2011). Thus, focusing on LMPs not only facilitates relating right-wing populist parties' policy positions to the influence of working class constituency, it also enables the influence of cooperation with the moderate right to be detected.

For the three case studies this paper relies on primary data and information from the secondary literature. Sources for the primary data are newspaper articles and documents on parliamentary debates. This data contains information on parties position on LMPs during reforms in parliament and during elections prior to these reforms.<sup>27</sup> While previous studies have either focused on election and voters (e.g., McGann & Kitschelt 2005, Ivarsflaten 2005) or did not explicitly distinguish between different arenas (e.g., Heinisch 2003, Kailitz 2006, Rovny 2012), this data allows a clear distinction to be made between right-wing populist parties' promises

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<sup>27</sup>The data was collected in a research project funded by the Swiss National Science Foundation, grant-number 100012\_129673.

in elections and their action in parliament. This is especially important for right-wing populist parties with a large working class to see if they blur their positions during elections.

The data on LMP-positions was collected in two very similar procedures. Information on parties' position during elections is based on newspaper content analysis. Following the work by Kriesi et al. (2008), using the two largest newspapers<sup>28</sup> in a two month period before elections, we selected each statement which contains information on how political parties are related to LMPs, i.e. if they support or oppose certain measures, for which labor market groups they take side and why they do so. This information allows to analyse if right-wing populist parties support generous (e.g. higher unemployment benefits) or lean (e.g. retrenchment of unemployment benefits) LMP and if they support certain LMP for all (egalitarian) or only for natives (anti-egalitarian).

For data on the position in parliament we have followed the work of Häusermann (2010a). Based on the criterion of how important LMP-reforms were in terms of redistributive consequences, how visible they were to the public and how important they have been judged in the scientific literature on welfare states, three labor market reforms were selected in each country - a selection approved by country specialists.<sup>29</sup> These reforms were then subdivided into coherent sub-reform-issues, as labor market reforms usually take the form of packages of different issues going in different directions and targeting different groups. In a third step, parties' positions on each issue were coded by analyzing the first parliamentary debate using written parliamentary minutes. Again, this data allows to analyze which LMP-reform-issue right-wing populist parties support (e.g. in favor or not of retrenching LMP) and why they did so (e.g. to give less benefits for immigrants) providing information on both dimensions identified in figure 4.

Table 12 gives an overview of the selected reforms, elections and on the data-structure for these two arenas. From left to right the table shows the selected country, the selected elections, the number of observations during the election campaigns linking right-wing populist parties to LMPs, the selected labor market policy reforms, the year of the reform and the number of reform-issues, and in parentheses the number of observations for right-wing populist parties on these issues.<sup>30</sup>

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<sup>28</sup>The newspapers are *Jyllands Posten* and *Ekstra Bladet* (Denmark); *Die Kronenzeitung* and *Die Presse* (Austria); *Blick* and *Neue Zürcher Zeitung* (Switzerland).

<sup>29</sup>These country specialists include Jon Kvist (Denmark), Herbert Obinger (Austria), and Silja Häusermann (Switzerland).

<sup>30</sup>The difference between the number of issues and the number of observations for right-wing populist parties

Table 12: Overview: Elections, reforms and data

Party	Election year	Statements during election	Labor market policy-reform	Year	Issues in reforms
FPÖ	1994	8	Structural adjustment law	1996	11 (9)
	1999	24	Budget law 2001	2000	9 (9)
	2006	10	Social protection for atypical employment	2007	8 (3)
DFP	1998	5	Labor Market Reform III	1998	4 (4)
	2001	1	More people in employment	2001	21 (21)
	2007	13	A new chance for all	2009	2 (2)
SVP	1995	39	Unemployment insurance reform II	1994	13 (13)
	1999	26	Unemployment insurance reform III	2001	11 (10)
	2007	98	Unemployment insurance reform IV	2009	9 (9)



This data is used in a quantitative and qualitative way to support the narrative of my case studies. In addition, the analysis relies on information from the *Comparative Manifesto Project* (Volkens et al. 2013) and information from the extensive country-specific literature on right-wing populist parties. This triangulation of three data-sources allows to compare the assessed position of right-wing populist parties from different methodological perspectives while the reliance on secondary literature allows a contextualization of right-wing populist parties' positions on LMPs.

## 4 Welfare state chauvinism or market-liberalism

What policies do the Danish People's Party (DFP), the Freedom Party of Austria (FPÖ) and the Swiss Peoples Party (SVP) support and why? To answer this question, the empirical section proceeds in two steps. The next subsection analyzes if and how the FPÖ's switch from non-cooperation to cooperation influenced its position on labor market policies (LMPs). The following subsection analyzes how the DFP's and SVP's different working class shares influenced their policy position.

### 4.1 The FPÖ and its changing position

As a first assessment of FPÖ's position on social policy, figure 6 shows how the FPÖ treats welfare state issues in its election manifestos using the data by the *Comparative Manifesto Project* (CMP). The x-axis indicates the time-span, while the y-axis indicates how much space the FPÖ dedicated to *welfare state expansion* (dashed line), *welfare state limitation* (dotted line), and the difference between the two (solid line) for each election manifesto.<sup>31</sup>

From the theoretical perspective presented above we would expect three things: First, in the early 1990s the FPÖ should be less favorable towards the welfare state since it does not yet depend on a large working class constituency. Second, in the late 1990s and the early 2000s the FPÖ should take a blurred position since it relies on a large working class constituency, but also

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results from the fact that not all parties take position with regard to all issues. Furthermore, as indicated in the table, the selected elections are the ones prior to the labor market reforms. Deviation from this pattern exists in two cases. First, for Austria the focus is on the 1994 election and the reform in 1996, although in 1995 there was an additional election. However, the 1995 election was called at very short notice and debate focused mainly on the collapse of the previous grand coalition, and resulted in almost the exact same electoral results (Morrow 1997). Second, in this analysis I focus on the Swiss election in 1995 and the labor market reform in 1994 as the labor market reform was only passed after the 1995-election spanning across two legislative periods.

<sup>31</sup>Following Gemenis (2013), the data has been checked if it includes documents other than party manifestos. Values for *welfare state limitation* have been multiplied by minus 1 to indicate opposition to welfare state expansion measured on the y-axis in figure 6.

cooperates with the moderate right Austrian People's Party (ÖVP). Third, in the second half of the 2000s, the FPÖ should be pro-welfare state since it clearly relies on the working class and does not cooperate with the moderate right.

Figure 6 shows that the FPÖ emphasized more strongly its opposition to an expansion of the welfare state during the early 1990s. In the late 1990s it toned down its talk about the welfare state (little space) until the election of 2002. Only beginning with this election did the FPÖ talk more about the expansion of the welfare state i.e. only after the FPÖ established cooperation with the moderate right ÖVP. The FPÖ's support for the welfare state is therefore not unqualified. During the time when the FPÖ relied less on the working class (early 1990s, see McGann & Kitschelt (2005)) it did not support the expansion of the welfare state. During the time when the FPÖ established its cooperation with the moderate right (mid- to late-1990s), the FPÖ took a muted position toward the welfare state. After cooperation was established, the FPÖ took more favorable positions toward the welfare state, at least in its election pledges. Similar results are obtained using different data such as expert surveys (Rovny 2012) or newspaper content analysis (Dolezal 2008).<sup>32</sup>

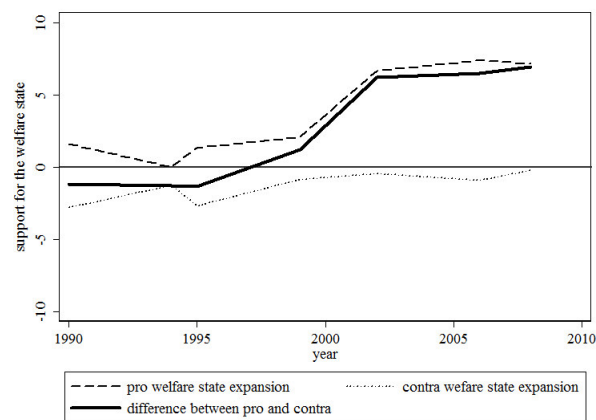


Figure 6: The FPÖ's position on welfare state issues

Source: Volkens et al. (2013); own calculations.

Looking at welfare state issues based on *Comparative Manifesto Project*-data is a good starting point, but too broad in one sense and too narrow in another. It is too broad in the sense that social policies in general do not allow us to link support for them to a party having a working

<sup>32</sup>Rovny (2012) shows that the FPÖ took a somewhat more right-wing position in 1999 but switched back to a more centrist position in 2006. Dolezal (2008) shows that the FPÖ took a somewhat more right-wing position in 1999, but switched back to a more left-wing position in 2002.

class electoral base. Looking at party positions during elections is also too narrow, because elections are not the end of party politics (Hacker & Pierson 2010a). This paper therefore turns now to the analysis of the FPÖ's position on LMPs in elections and during reforms in parliament.

The FPÖ's positions on labor market policy issues during elections and during labor market policy reforms in parliament are shown in figure 7. Figure 7 corresponds to figure 4 in the theoretical section. The x-axis of figure 7 measures from left to right if right-wing populist parties support generous labor market policies (e.g. generous benefits) or lean labor market policies (e.g. lean benefits). The y-axis measures if right-wing populist parties' positions seek to exclude foreigners and immigrants (bottom of figure) or not (top). Included in figure 7 are the three most important labor market reforms since the mid-1990s labeled "parl." and the elections prior to these reforms labeled "elec.". These points have been calculated by taking the mean of all the newspaper statements and all the positions on labor market policy reform-issues. To help the reader, the positions from similar periods have the same symbol, for example a plus for the mid-1990s and a diamond for the late 1990s. As argued in the theoretical section, right-wing populist parties located on the lower-left follow a welfare state chauvinism-position, while right-wing populist parties in the upper right corner follow a market-liberal position.

As shown in figure 7, the FPÖ's position on issues related to labor market policies is marked by three changes. First, in the electoral arena the FPÖ steadily shifted from a market-liberal, to an indistinct position, to a position more closely related to welfare state chauvinism. This shift is indicated by the solid arrow. Second, in the parliamentary arena the FPÖ shifted from a market-liberal position in 2000 to a position more closely related to welfare state chauvinism indicated by the dotted arrow. Third, in 1996, the FPÖ took a position which seems not to fit any pattern, but can be explained by its opposition to the mainstream parties (see below). Thus, the FPÖ took rather incongruent position in the 1990s and the early 2000s a time when its electorate was becoming more working class and at the same time the FPÖ established cooperation with the ÖVP. The FPÖ found congruence between its position in elections and in parliament in the second half of the 2000s when it clearly relied on its working class constituency and abandoned cooperation with the moderate right, supporting generous labor market policies, while emphasizing the exclusion of immigrants shifting towards welfare state chauvinism.<sup>33</sup>

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<sup>33</sup>The position of the FPÖ is still in the upper half of figure 7. Nevertheless, the FPÖ made several statements both in elections and in parliament about labor market policies and in a third of all statements it explicitly referred to the exclusion of immigrants.

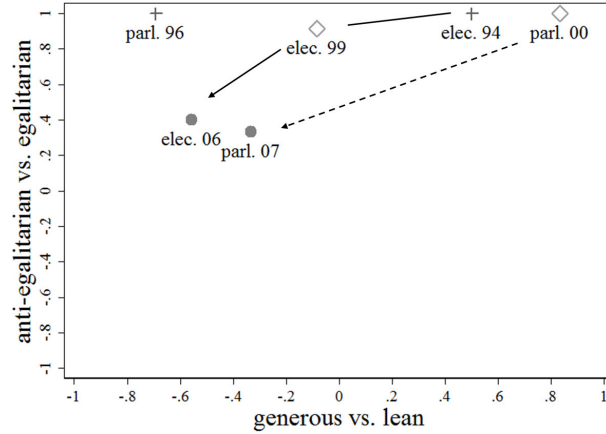


Figure 7: The FPÖ's mean position on LMP issues in elections and parliament

According to McGann & Kitschelt (2005, 152), the FPÖ largely relied on white collar's support in the early 1990s. In line with this characterization, during the 1994-election the FPÖ supported a lean labor market policy position and accused the grand coalition of social democrats (SPÖ) and conservatives (ÖVP) of distributing social benefits in an overly generous manner ("Giesskannenprinzip"), demanding more restrictive eligibility conditions in order for the unemployed to receive benefits. After the election and despite large electoral gains, the FPÖ stayed in opposition while the ÖVP-SPÖ government slimmed the corporatist-conservative welfare state in the so-called "adjustment laws" in an effort to balance the state budget.<sup>34</sup> The FPÖ could either support the government and thus the mainstream parties which were proposing similar policies to those the FPÖ demanded during the election such as the fight against unemployment benefits abuse, the obligation of taking up employment if offered, or the prolongation of the contribution period to qualify for unemployment benefits, or it could take an oppositional position, despite its election pledges. The FPÖ chose the latter. In doing so, the FPÖ argued that the proposed reform would be too costly to the state and the economy and accused the government of unfairly blaming state employees for problems in the economy (Republik Österreich. Parlament 1996, 73, 349, 363, 414). By taking this oppositional position to a retrenchment-reform, the FPÖ shifted to a position related to generous labor market policies.

For the next election in 1999, FPÖ-leader Jörg Haider "felt vindicated in his view that the FPÖ had the potential to enter government" (Luther 2011, 456) and the FPÖ prepared its way

<sup>34</sup>See the study by Fink & Tálos (2004), Obinger & Tálos (2006), and Obinger et al. (2010) for a more detailed description of the labor market policy reforms in Austria described in this section.

out of its opposition-status. The FPÖ signaled its willingness to cooperate with the moderate right ÖVP in two ways. First, the FPÖ placed candidates with a market-liberal profile such as industrialist Thomas Prinzhorn at the top of the party's candidate list. Second, the FPÖ promoted market-liberal social and economic policies that "chimed well with the preferences of the ÖVP Business League" and ÖVP-leader Schüssel (Luther 2011, 458-459). At the same time, however, the FPÖ tried to maximize votes by promoting a pro-welfare state position. This led to a rather indistinct position as shown in figure 7 "elec. 99". During the election period, the FPÖ supported overall retrenchment ("Sozialabbau") and the need to cut benefits for the unemployed who were unwilling to work, but at the same time tended to its working class constituency by supporting generous labor market policies such as child benefits for the unemployed, subvention of traineeships, and additional benefits for workers with low incomes. During this period, the FPÖ even made an attempt to establish its own trade union organization (Tálos & Kittel 2002, 41).

Despite (or maybe because of) this blurring of its position, the FPÖ further increased its vote share in the 1999 election. After negotiations between the SPÖ and the ÖVP failed, the FPÖ and the ÖVP formed a coalition government. This cooperation with the moderate right changed the FPÖ's position on labor market policies: while it was blurred during the elections, it was clearly in line with a neoliberal-conservative ideology afterwards (Obinger & Tálos 2006, 10). The core of the policy shift was the "Budgetbegleitgesetz 2001" reform (Obinger & Tálos 2006, 125) which had important implications for labor market policies such as the reduction of state resources for passive and active labor market policies, reduction of unemployment benefits, reduction of social assistance and tougher sanctions for benefit fraud. These policies were introduced without consultation with trade unions but often in agreement with employers associations (Obinger & Tálos 2006, 145). As part of the government, the FPÖ supported all these issues. According to the FPÖ finance minister Karl-Heinz Gasser the government stood for liberal and fair market economy and saw the solutions in less government intervention (Obinger & Tálos 2006, 26).<sup>35</sup> As argued by Heinisch (2003, 106) the FPÖ's position in government was mainly influenced by the "willingness of the national FPÖ leadership to signal respectability" although this market-liberal position was criticized by party members such as FPÖ-leader Jörg Haider (Luther 2002, 139).

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<sup>35</sup>The government-program originally also mentioned the introduction of a minimum-pension and a minimum-wage. These policies were, however, never introduced (Obinger & Tálos 2006, 222).

In addition to intra-party struggles which led former FPÖ-leader Jörg Haider to split and organize a new political party, participation in government also resulted in heavy electoral losses for the FPÖ as it was not possible to overcome the discrepancy between supporting market-liberal reforms and promoting pro-welfare state positions (Heinisch 2004, 258). The FPÖ therefore changed its position again. With a new leader, it “reverted to the strategy of populist vote maximization for the 2006-election” (Luther 2011, 467). The FPÖ supported generous labor market policies such as tax benefits for low-income workers, the strengthening of employment protection during maternity leave and combined it with the demand to abolish social benefits for immigrants during the election.<sup>36</sup> This welfare state chauvinism-position continued in parliament. In a new labor market policy reform, the SPÖ-ÖVP-government introduced social protection for atypical employment. Once again in opposition, the FPÖ accused the government of still not doing enough for people in precarious employment, but also wanted to exclude immigrants by distinguishing the community of solidarity between citizens from the community of solidarity between non-citizens (Republik Österreich. Parlament 2007, 273), thereby combining generous labor market policies and the exclusion of immigrants.

The tracing of the FPÖ’s position on LMP-positions for a period of more than 10 years shows that its position changed depending on its cooperation with the ÖVP and its reliance on the working class. Table 13 provides an overview of the three episodes indicating if the FPÖ engaged in *cooperation* with the ÖVP, possessed a *large working class* constituency, and what position the FPÖ took during *elections* and during reform debates in *parliament*. Table 13 shows that in the mid-1990s, the FPÖ’s limited reliance on the working class and its opposition to the established parties led to a market-liberal position during elections and an oppositional position during labor market policy reforms, almost accidentally supporting a pro-welfare state position during the LMP-reform of 1996.<sup>37</sup> The context for the FPÖ changed dramatically in the late 1990s. On the one hand, it relied much more on the working class for electoral support. On the other hand, it established cooperation with the ÖVP. For cooperation, the FPÖ supported market-liberal positions during elections and market-liberal reforms in parliament. What is noteworthy is that

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<sup>36</sup>According to Müller (2008, 177) the FPÖ and the BZÖ proposed very similar issues during the 2006-election, the main difference between these two parties was that the BZÖ tried to present itself as a credible policy-deliverer while the FPÖ tried to present itself as the original party and the more credible representative of the people.

<sup>37</sup>As the welfare state is supported by a large share of the electorate (Kitschelt 2001, Pierson 1995), it is more beneficial for the FPÖ to attack the mainstream parties for their retrenchment-course than to accuse them of not cutting the welfare state enough.

the FPÖ not only took this position once it cooperated with the ÖVP, but even before, namely to establish cooperation with the moderate right. However, in order to still tend to its working class constituency, the FPÖ combined this with several pro-welfare state statements during the election campaign, blurring its position. A more coherent position during elections and in parliament was only possible, once the working class-FPÖ canceled its cooperation with the moderate right ÖVP, and supported welfare state chauvinism during elections and in parliament after 2006.

Table 13: FPÖ: Class, cooperation and position on LMPs

	Cooperation	Large working class	Election	Position Parliament
1995/1996	no	no	Market-liberalism	(Opposition)
1999/2000	yes	yes	Blurred	Market-liberalism
2006/2008	no	yes	Welf. state chauvinis.	Welf. state chauvinis.

## 4.2 Comparing the DFP and the SVP for working class influence

While the FPÖ's position showed a lot of change over time, the Danish and Swiss People's Party have stable positions over time as little changed in terms of class constituency and cooperation for these two parties. In line with our theoretical expectations, the Danish People's Party blurred its position during elections and supported market-liberal reforms in parliament, while the Swiss People's Party took market-liberal positions in the electoral and parliamentary arena.

The Danish People's Party split from the Progress Party in 1995 and since then has been eager to cooperate with the mainstream moderate right (Art 2011, Meret 2011). To achieve such cooperation, the DFP was very careful to present pragmatically formulated policy proposals. While the party's 1997 policy proposal on social and economic policies was declared as unrealistic by the Ministry of Finance (Meret 2010, 102), the DFP shied away from making generous policy promises to its working class electorate. During the election campaigns of 1998, 2001, and 2007, the DFP rarely took a distinct position on labor market policies. In the election of 1998, the newspaper content analysis results in only a handful of newspaper-statements (literally five) linking the DFP to LMP-issues in which the DFP called for the improvement of child care for facilitating the balancing of working and family life, while in 2001 the DFP only made one LMP-related statement, which was against the extension of the maternity leave scheme and pointed

out its costs for employers.<sup>38</sup> As argued by Meret (2010, 106), during this period the DFP put only a limited focus on welfare state issues, but much more focus on making the DFP an acceptable political party for cooperation with established parties. But even after cooperation with the moderate right was fully established, the DFP did not take a distinct position on LMP-issues during elections, leaving the other parties to speculate on the DFP's LMP-position. The newspaper content analysis shows that the DFP was only indirectly linked to LMPs as in the newspaper-articles other parties (especially the Socialists and Ny Alliance) talked about the DFP and its labor market policies. Across this period, the DFP therefore followed a blurring strategy (Rovny 2012) taking no position on a delicate issue such as labor market policies focusing instead to facilitate cooperation with the moderate right.

DFP's approach to achieve cooperation with the moderate right not only included a non-position on LMPs during elections. At the same time, the DFP-leadership was willing to make compromises with other parties to achieve such cooperation (Meret 2010, 97-99). In line with this goal, the DFP supported the labor market policy reforms in 1998, 2001, and 2009 to present itself as a reliable partner during policy making. The DFP thereby supported labor market policies when in opposition (1998-2001) as well as when it supported the right-wing minority government (2001-2011). In the later case, the DFP even participated in the elaboration of all labor market policy reforms of the right-wing government (Meret 2010, 100). Although equipped with a large working class constituency, this did not lead the DFP to support the welfare state or welfare state chauvinism. In these reforms, the DFP supported the compulsory activation of unemployed and the removal of expanded benefits for unemployed over 50 years, the reduction of unemployment benefits for different labor market groups, tighter rules on the duty of the unemployed and stricter rules on job acceptance. These labor market policy reforms which the DFP supported had the opposite effect than strengthening a generous welfare state as it changed Danish LMP as a system focusing on the activation of unemployed to a stricter system of workfare (Andersen 2007b).<sup>39</sup>

It seems that the DFP also supported measures related to welfare state chauvinism. The labor market reform of 2002 included two measures which hit mostly immigrants (Pedersen

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<sup>38</sup>During the election campaigns other parties took positions on labor market policy issues. That the DFP did less so is indicated by the fact that while the DFP mobilized between 1998 and 2007 on average more than 10% of the voters it only accounted for 5% of the statements related to labor market policy issues during this period.

<sup>39</sup>See the study by Andersen (2007a), Andersen (2011), Green-Pedersen (2002), and Obinger et al. (2010) for a more detailed description of the labor market policy reforms in Denmark described in this section.



2011, 25): the reduction of welfare payments and the tightening of rules for welfare payment recipients. Similarly, the labor market reform in 2009 strengthened working requirements for welfare payment recipients, again affecting immigrants to a large part. However, this perspective needs qualifications along three points: First, the DFP supported similar restrictive measures for the unemployed more general - i.e. also natives - in previous LMP reforms. Second, the reforms in 2002 and 2009 also affected native citizens to a substantial degree.<sup>40</sup> This has become ever more salient, as more native citizens now rely on welfare due to the LMP-reforms introduced since the early 2000s (Andersen 2011, 261). Third, the view that the Danish People's Party relies more strongly on market-liberal positions in the field of labor market policy rather than welfare chauvinism in order to portray itself as a reliable policy making partner to the moderate right is highlighted by more recent events. As the government targeted to reduce its state deficit in May 2010, the Danish People's Party presented a plan to reduce unemployment benefits for all and not just for immigrants (Andersen 2011, 271). The DFP valued fiscal austerity more strongly than social protection, fully in line with a market-liberal ideology. Thus, while the DFP mostly blurred its position on LMP-issues during elections, in parliament it mainly supported policies combining lean LMPs for all.

Similar to the DFP and the FPÖ in the late 1990, the Swiss People's Party (SVP) cooperated with the moderate right. However, for the SVP the market-liberal position is not the result of cooperation with moderate right parties, but the result of an alignment with another important actor related to the political right: the business community. Although the SVP differs in this respect to the DFP and the FPÖ, the similarity is that the SVP's position on social policy is influenced by its cooperation with an established actor of the moderate right.

In line with this argument, the SVP supported a market-liberal position in all the elections under investigation (1995, 1999, 2007). As Switzerland was in a deep economic crisis in the early and mid-1990s and the SVP was not yet dominated by the more radical bloc (on the rise of the radical bloc see Skenderovic 2009), the SVP took a more moderate position in the election of 1995. Against the background of an unemployment rate that had quadrupled, the SVP repeatedly expressed its discontent with high unemployment, without specifying a policy-solution. At the same time, the SVP positioned itself against the expansion of social policy as it opposed the introduction of maternity insurance to facilitate balancing child rearing and work.

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<sup>40</sup>According to Pedersen (2011, 25) about a third of the people affected by the 2009-reform were native citizens.

The SVP's position became more market-liberal over the next few years. In the elections of 1999 and 2007 the SVP supported lean labor market policies by opposing any kind of redistribution, by opposing the unemployment insurance, and maternity insurance.<sup>41</sup> In the election of 2007, the SVP also called for the elimination of welfare abuse, especially welfare abuse by immigrants. While this pulls the SVP's position toward the anti-egalitarian pole, one needs to keep in mind that at the same time the SVP demanded general cuts for social policies and fiercely opposed any increase of taxes to finance the welfare state. This emphasis on market-liberal positions is the result of the SVP's goal to become the main party of business (Hofer, Krömmler & Seeli 2005), and to be able to attract financial support from the business community - a very important source of resources for the organizationally weak parties in Switzerland (Afonso & Papadopoulos 2013, 12).

The market-liberal position and the representation of business interest was not restricted to the electoral arena, but was also pursued in the parliamentary arena during labor market policy reforms.<sup>42</sup> In the labor market policy reform of 1994, a left-liberal coalition tried to solve the problem of high unemployment and mounting budget deficits with a combination of adjustments on the spending side and revenue side. During this period, the SVP was still divided into a moderate and radical bloc (Skenderovic 2009). This is also reflected in the party's position vis-à-vis the labor market policy reform: a small majority supported the reform in general while a large minority rejected the whole reform because of its financial consequences. This latter position was in line with the preferences of important actors in the business community who pressed for a neoliberal reform in the realm of social policy at this time (Bonoli & Mach 2000, Kriesi 2006). The market-liberal position becomes more clearly visible in the labor market reforms of 2001 and 2007. In these reforms, the SVP put special emphasis on retrenchment pointing out the need for individual responsibility, the prevention of a "cultivation of unemployment" and the need to fight benefit abuse, the reduction of benefit periods, the introduction of waiting periods, and the reduction of benefits for young people.

In the 2001-reform, the SVP also demanded an increase in the contribution periods to make it harder for EU-workers to receive benefits, pulling the party to a more exclusive position

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<sup>41</sup>The SVP was also in support of "more jobs". However, it connected this statement with the support for employers and the need to build jobs within the private sector. I have excluded these statements as they are in line with a market-liberal position, but not unambiguously so.

<sup>42</sup>See the study by Afonso (2011), Champion (2011), Häusermann (2010b) for a more detailed description of the labor market policy reforms in Switzerland described in this section.

toward immigrants. Although this restriction of unemployment benefits makes it more difficult for workers from the EU to receive such benefits, it also makes it more difficult for Swiss workers. As in the case of the DFP, this is not welfare state chauvinism, but overall retrenchment which hits all workers, both native and immigrant, legitimized by an anti-immigrant position.

Overall, the SVP expresses few statements related to immigrants on LMP-issues. The market-liberal position is therefore not pursued by the SVP for alignment with its electorate, as the SVP wins its votes not because, but despite of, its emphasis on market-liberalism (Kriesi 2005, 260). Rather, this policy position corresponded to the SVP's self-image as the only party which represents business interests (newspaper interview in *Le Temps* cited in Afonso (2011, 8)). The SVP clearly achieved this goal, today providing access to more business community lobbyists than the liberals (FDP) and Christian democrats (CVP) combined (Nicolussi 2014), and winning powerful support from the major Swiss bank UBS for the entrance of SVP's leader Christoph Blocher into the Swiss collegian government in 2003 (Camus 2014, 4). As is to be expected from a party which focuses on the interests of business, its market-liberal position is too far to the right compared to the preferences of its electorate (Leimgruber, Hangartner & Leemann 2010, 515).

Table 14 provides an overview for the DFP and the SVP in the same way as table 13 for the FPÖ. Similar to the FPÖ, we see that the DFP - as a right-wing populist party with a large share of working class voters and cooperation with the moderate right - blurred its position during elections but took a distinct market-liberal position during reform debates in parliament. Furthermore, in line with the theoretical expectations, the SVP took a market-liberal position in both the electoral and the parliamentary arena.

Table 14: DFP and SVP: Class, cooperation and position on LMPs

	Cooperation	Large working class	Position	
			Election	Parliament
DFP	yes	yes	Blurred	Market-liberalism
SVP	yes	no	Market-liberalism	Market-liberalism

While these results are in line with the theoretical expectations, two aspects need special attention. As already mentioned in the case study on the FPÖ, the DFP also adapted its position during elections before actually cooperating with the moderate right. Thus, it is not

only actual cooperation which draws right-wing populist parties with a large share of working class voters away from a pro-welfare state positions, but also the choice of right-wing populist parties to present themselves as reliable partners for the moderate right. While this highlights a similarity between the FPÖ and the DFP, we also see an important difference. Both parties tried to blur their position during elections - the FPÖ by taking market-liberal and pro-welfare state positions, the DFP by not taking a position and staying largely mute on issues related to labor market policies. Judging from the electoral development, the blurring strategy of the DFP seems to be more successful than the blurring strategy of the FPÖ: while the DFP steadily increased its vote share and kept cooperating with the moderate right, the FPÖ paid heavily in electoral terms for its mixed policy position and its cooperation with the ÖVP.

## 5 Conclusion

In this paper I have analyzed the position of the Freedom Party of Austria, the Danish People's Party, and the Swiss People's Party on labor market policy issues. Based on the literature on right-wing populist parties, I expected these parties to discard welfare state chauvinism despite of their working class constituency to facilitate cooperation with the moderate right.

The case studies on the FPÖ's, DFP's and SVP's position on LMP-issues have produced three important results. First, these three right-wing populist parties clearly support market-liberal LMP-reforms in parliament once they cooperate with the moderate right. Second, the analyses show that the market-liberal position is not limited to these right-wing populist parties's positions in parliament, but extends into the electoral arena with different degrees depending on the working class constituency. The SVP with less reliance on the working class clearly supported market-liberal LMPs during elections. As the FPÖ and DFP rely strongly on the working class, they tried to blur their position either by combining market-liberal statements with pro-welfare state-statements (FPÖ) or by largely staying mute on this topic (DFP). Third, the analysis of the FPÖ shows that once the right-wing populist party canceled cooperation with the moderate right, it was able to support welfare state chauvinism during elections and in parliament, fully in line with its working class constituency.

These empirical findings support the argument that right-wing populist parties which cooperate with the moderate right will shift away from supporting generous welfare policies toward

market-liberalism. Only if right-wing populist parties reject cooperation with established political parties will they be able to support welfare state chauvinism - often described as an ideal policy position given these parties' large working class electorate (e.g., Betz & Meret 2012). Thus, right-wing populist parties are able to support market-liberalism (Kitschelt & McGann 1995) or welfare state chauvinism (Mudde 2007), but which position they are taking at any point in time is conditioned by their relationship with the moderate right. As pariah-parties they might support welfare state chauvinism - as partners of the moderate right they need to support market-liberalism. This explanation is also in line with research by de Lange (2007, 422-426), who shows that while the pariah-parties Front National and Vlaams Blok take a rather centrist position on economic issues, the List Pim Fortuyn took market-liberal position in 2002/2003, i.e. at a time when it was building up cooperation with the moderate right.

Further in line with existing research (e.g., Andersen & Bjørklund 1990), my empirical results also highlight that the reliance of right-wing populist parties on working class support influences their position on social policy - most importantly in the electoral arena. While the FPÖ tried to adhere to its working class-voters by advocating generous labor market policies during elections, the DFP tried not to alienate these voters by blurring its position. That class constituency and the relationship with the moderate right are important for right-wing populist parties' positions on social policy makes it clear that these are not competing explanations. In line with Kitschelt (1994), we should see political parties as acting strategically vis-à-vis other political actors, but against the background of its particular class constituency which poses a limit to the strategies elaborated by the party elite.

One could object to these conclusions along (at least) three lines. First, one could argue that right-wing populist parties might trade off their position on social policy for the implementation of more restrictive immigration policies. However, this would not make the Austrian, Danish, and Swiss right-wing populist parties less market-liberal, just more influential in other policy areas. Second, one could argue that right-wing populist parties support welfare state chauvinism which excludes not only immigrants but also the lazy or other non-deserving groups. The three right-wing populist parties in Austria, Switzerland and Denmark clearly do so. However, this is not welfare state chauvinism, but dualization, welfare producerism or welfare state retrenchment at the margin. Furthermore, as shown in the Danish case such retrenchment at the margin can

easily lead to painful welfare state retrenchment for the whole working class and as such also to the working class constituency of right-wing populist parties. Third, one could argue that right-wing populist parties support welfare state chauvinism, but that they are only rarely able to influence policies. For example, the 2002 and 2009 Danish labor market policy reform included measures which hit immigrants to a large degree. In the meantime, however, the DFP helped to implement lean labor market policies for all. Again, this is not welfare state chauvinism, combining generous policies for natives and excluding immigrants, but something closer to market-liberalism as generous programs for natives are retrenched - although operating under the cloak of an anti-immigrant position.

The conclusions from my analysis, however, only relate to labor market policies - an important policy field for workers as the current economic crisis painfully shows (Leschke & Jepsen 2012). In other fields of social policies (these) right-wing populist parties might take different positions. For example Meret (2010) argues that the DFP has supported generous pension systems since 2000, although Heinisch (2003) and Afonso (2011) show that right-wing populist parties even support retrenchment in these policy fields. As argued above, this paper focused on labor market policy as its link with a working class electorate is straightforward. In doing so, the paper has shown that right-wing populist parties support for welfare chauvinism is limited: once right-wing populist parties cooperate with the moderate right, they support market-liberal reforms regardless of their working class constituency.



## Part IV

# The influence of right-wing populist parties on social policies

### Abstract

How do right-wing populist parties influence social policies? Within the literature we find two broad answers to this question: First, right-wing populist parties polarize policy making and lead to more retrenchment since they support moderate right parties in the political struggle against the left. Second, right-wing populist parties lead to less retrenchment of social policies due to their welfare state chauvinism-program. In this paper, I analyze the two claims empirically using a mixed-method research design and mainly find support for the former. Time-series-cross-section data regression analyses indicate that governments supported by right-wing populist parties are related to less social spending compared to left-wing governments, but not compared to centrist governments. Comparative case studies on labor market policy making in Austria, Denmark, and Switzerland from the mid-1990s to the mid-2000s further show that the rise of right-wing populist parties leads to polarization and renders policy making across the left-right divide more difficult. While the effect on policy output might be more relevant in countries where executive power clearly shifts from the political left to the political right, the polarization of policy making should be more relevant in countries with a tradition of consensual policy making.

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I thank Tim Bale, Charlotte Cavaille, Jon Fiva, Julian Garritzmann, Peter Hall, Silja Häusermann, Hanspeter Kriesi, Leonce Röth, Carina Schmitt, Kirsty Stone Weiler, Kathleen Thelen, Denise Traber, Olaf van Vilet, the participants of the 2013 *Graduate Student Conference on Center-Right Parties* at the Center for European Studies at Harvard University and the participants of the workshop on the *Radical Right and the Welfare State* at the European University Institute in Florence (2014) for comments on previous versions of this paper.



# 1 Introduction

The rise of right-wing populist parties has changed politics in many countries. These changes have happened on different levels with the most important changes being in voter-party alignments (Bornschieer 2010, Kitschelt & McGann 1995, Oesch 2008), the increased saliency of new political issues such as immigration (Howard 2010, Williams 2006), changes in party competition (Bornschieer 2012, Meguid 2005), and the rising saliency of a new cleavage (Kriesi et al. 2008, Oesch 2012).

These changes have made right-wing populist parties important political actors in the electoral arena. As the importance of right-wing populist parties has steadily increased, scholars have started to investigate if right-wing populist parties' influence also reaches policy making and policy output (e.g., Akkerman 2012, Akkerman & de Lange 2012, Heinisch 2003, Howard 2010, Minkenberg 2001, Perlutter 2002, Schain 2006, Williams 2006). Yet, these studies mainly focus on immigration policy, which is hardly surprising given right-wing populist parties' emphasis on this issue.

Outside the policy field of immigration, the influence of right-wing populist parties is largely unknown. With this paper I try to expand the state of the art by asking *how do right-wing populist parties influence social policies?* This is an important question for at least two reasons: First, right-wing populist parties mobilize large sections of the working class (Evans 2003, Oesch 2008), i.e. voters who are the main targets of many social policy programs. Although these voters clearly vote for right-wing populist parties because of their anti-immigrant attitudes (Lubbers, Gijlsberts & Scheepers 2002, Oesch 2008), to understand the responsiveness of political parties toward their voters, we should look at different policy areas and not only at parties' programmatic core. Second, a better understanding of right-wing populist parties' influence on social policies might provide important insights on how social policies and welfare states change today. Early analyses of the interplay of party politics and the welfare state have argued that strong left-wing parties seeing themselves as the mouthpiece of the working class have pressured for the expansion of the welfare state (e.g., Esping-Andersen 1985, Hibbs 1977, Korpi 1983). Recent contributions, however, have argued that the class constituency of the political left and right have changed and that these changes in party politics translate into social policies (Gingrich & Häusermann forthcoming, Häusermann 2010a, Häusermann, Picot & Geering 2013, Kitschelt

& Rehm 2010). While this literature has focused on the political left, this paper tries to assess how the most important change on the political right - the rise of right-wing populist parties - influences social policies.

Although little is known on how right-wing populist parties influence social policies, broadly speaking two perspectives on this topic exist (see Afonso (2014) for a similar overview). First, Bale (2003) and Afonso (2011) argue that cooperation between moderate right and right-wing populist parties polarizes social policy making setting the political left against the political right during policy making - even in countries with a tradition of consensual policy making. The support of right-wing populist parties for moderate right parties translates into support for less generous social policies and thereby welfare state retrenchment. Second, several scholars such as Andersen & Bjørklund (1990), Kailitz (2006), and Mudde (2007) argue that right-wing populist parties support the welfare state because of their working class constituency, but try to exclude immigrants from such welfare state programs due to their nativism, i.e. so-called welfare state chauvinism. Due to their pro-welfare state position, right-wing populist parties should therefore influence the welfare state toward less retrenchment.

For these theoretical expectations on how right-wing populist parties influence social policies only selective empirical research and results exist. Selective evidence comes from studying municipalities in Norway (Fiva, Folke & Sørensen 2013), and from case studies on Switzerland and to a more limited extend Austria (Afonso 2011, Afonso & Papadopoulos 2013). In this paper, I try to expand the empirical analyses. First, I present time-series-cross-section data regression analyses on how the inclusion of right-wing populist parties into governments influences social spending as an indicator of welfare effort. Second, focusing on Austria, Denmark and Switzerland from the mid-1990s to the mid-2000s, I present comparative case studies on how right-wing populist parties influence labor market policy making, i.e. important reforms of active and passive labor market policies during this period. The qualitative and the quantitative part of the paper thereby present analyses of policy making and policy output, the two aspects on which theoretical considerations exist.

To do so, the paper is structured as follows: After this introduction, I present the theoretical perspective in the next section. In section 3 I discuss data and methods for the quantitative analyses and the case selection for the case studies. The empirical results are shown in two

sections: section 4 shows the results of the quantitative analysis while section 5 presents the comparative case studies. The last section concludes.

## **2 How right-wing populist parties might influence social policies**

Since the 1980s, right-wing populist parties have emerged as a new political force. As documented in an extensive literature, these parties have been able to trigger change in many aspects of political life: increasing the saliency of their core subject immigration (Howard 2010, Williams 2006), mobilizing large sections of the electorate (Arzheimer 2009, Lubbers, Gijsberts & Scheepers 2002, Norris 2005), changing both party competition (Bornschier 2012, Meguid 2005), and the underlying structure of political conflicts (Kriesi et al. 2008).

Large parts of the literature connect right-wing populist parties mainly to negative attitudes toward immigrants, law & order issues, or the cultural cleavage. Much less emphasis is put on welfare state issues, although distinct connections exist: For example, right-wing populist parties mobilize large sections of the working class (Evans 2003, Oesch 2008) and people in insecure economic positions (see part II), i.e. the very recipients of important welfare state programs. In addition, encompassing welfare states have been seen as an explanation for right-wing populist parties' limited success as voters cushioned by a well-designed social safety net feel less threatened by globalization and therefore do not vote for right-wing populist parties (Swank & Betz 2003).

But how do right-wing populist parties relate back to the welfare state, i.e. how do right-wing populist parties influence social policies? Despite being such an important force of political change and despite being the subject of many research projects, so far we know very little on this question. Existing work generally points in two directions: on the one hand, scholars argue that right-wing populist parties facilitate welfare state retrenchment, on the other hand scholars argue that right-wing populist parties make retrenchment more difficult or even shift policies toward expansion (see citations below).

The first perspective connects the rise of right-wing populist parties to welfare state retrenchment through the polarization of party politics. In a nutshell, these authors argue that the rise of right-wing populist parties leads to polarization since moderate right parties re-orientate toward the right-wing pole abandoning the political center. If the combined force of moderate right and

right-wing populist parties gains a majority, they implement welfare state retrenchment in line with the policy preference of the political right.

This perspective is developed by Bale (2003). The author argues that moderate right parties promote the electoral success of right-wing populist parties with the intention of strengthening the political right bloc. Moderate right parties indirectly strengthen right-wing populist parties in public by taking and legitimizing a tough position on immigration. If such right bloc alliances consisting of moderate right and right-wing populist parties gain office, they implement policies based on their majorities against a left-wing opposition: being tough on immigration represents a kind of side-payment to right-wing populist parties in return for their support for market-liberal reforms in line with the preferences of the moderate right.

Following this perspective, we should observe two things happening. First, *if right bloc majorities consisting of moderate right and right-wing populist parties emerge, social policy making should become polarized* (hypothesis 1). This means that social policy making is based on right bloc majorities against the political left. During such policy making, right-wing populist parties merely act as place holders: right-wing populist parties are needed by moderate right parties to gain a majority. Put differently, right-wing populist parties should have no influence on social policies by themselves, since moderate right parties set the tone on this issue and since right-wing populist parties are less concerned with them. This leads to a second expectation, namely that there should be no difference between cases where the moderate right is able to implement its policies alone and cases where the moderate right relies on the support of right-wing populist parties as both should lead to retrenchment. More specifically, we should expect that *governments supported by right-wing populist parties do not differ compared to right-wing governments in their social policies, but implement more retrenchment compared to left-wing governments* (hypothesis 2).

Although Bale (2003) does not provide an empirical test for such dynamics in social policy making, evidence from different sources provides justification for his argument. On the one hand, de Lange (2007) shows that moderate right parties have indeed shifted to more restrictive immigration policy positions to enable cooperation with right-wing populist parties. On the other hand, de Lange (2007) also shows that right-wing populist parties which cooperate with moderate right parties sit further to the right on economic and social policy-issues. This further

to the right on the part of right-wing populist parties on economic and social policy issues in order to facilitate cooperation with the moderate right is also shown in a case study on the Austrian Freedom Party (Luther 2011) and in the comparative case studies on the Austrian Freedom Party, the Danish People's Party and the Swiss People's Party in part III of this thesis.

Empirical support further comes from Afonso (2011) and Afonso & Papadopoulos (2013). In line with Bale (2003), the authors argue that the rise of right-wing populist parties increases the polarization of party systems into two distinct blocs setting the political left against the political right. If the political right wins a right bloc majority consisting of moderate right and right-wing populist parties, this leads to the retrenchment of the welfare state as shown by their analyses of labor market and pension policies in Austria and Switzerland.<sup>43</sup>

While this first perspective links the rise of right-wing populist parties to welfare state retrenchment, a second perspective argues that right-wing populist parties should make retrenchment more difficult or even lead to expansion of social policies due to their welfare state chauvinism program. As shown by a wide range of scholars, right-wing populist parties have made large electoral inroads into the working class and have become the party of the working class in several countries (Art 2011, Bornschier & Kriesi 2012, Betz & Meret 2012, Oesch 2008). This distinct socio-structural profile of right-wing populist parties' electorate has led several scholars to link these parties to a pro-welfare state position. As argued by, for example Kailitz (2006), and Mudde (2007), the working class constituency of right-wing populist parties leads these parties to support the welfare state. But given their anti-immigrant profile and their reliance on nativism, these parties only support generous welfare state programs for native workers while trying to exclude immigrants, so-called welfare state chauvinism (on welfare state chauvinism see de Koster, Achterberg & van der Waal 2013, Reeskens & van Oorschot 2012, van der Waal et al. 2010).

The net effect of more welfare for natives and less for immigrants is of course hard to judge. But we should expect right-wing populist parties not to shift social policy toward clear-cut retrenchment as they support social policy programs for natives. In contrast to the perspective above, we should therefore expect that *governments supported by right-wing populist parties*

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<sup>43</sup>In Switzerland, the polarization of party politics also led to a deadlock in pension politics. As shown in the case studies by Afonso (2014) and Afonso & Papadopoulos (2013) this is, however, not related to right-wing populist parties' unwillingness to support retrenchment, but by the fact that retrenchment reforms were refused by public referenda.

*implement less retrenchment than right-wing governments* (hypothesis 3).

Empirical evidence for the perspective that right-wing populist parties are related to welfare state expansion so far only comes from Fiva, Folke & Sørensen (2013). By focusing on Norwegian municipalities, the authors show that the increased strength of the Progress Party has shifted policies in the direction of more social spending.

In summary, based on the existing literature, we have derived two opposing perspectives on how right-wing populist parties influence social policies. One theoretical perspective argues that right-wing populist parties lead to the polarization of policy making and retrenchment (compared to policies implemented by the political left). A second theoretical perspective argues that right-wing populist parties lead to less retrenchment of social policies (compared to policies implemented by the political right), although without specifying the policy making process. Before turning to the empirical analysis of these expectations, this paper will now provide the reader with important information on method, data, and case selection.

### **3 Research Design**

This paper analyzes three hypotheses related to the interplay of right-wing populist parties and social policy making and social policy output using a mixed-methods research design. In a first step, I focus on policy *output* analyzing if a relationship between party politics and social spending holds across a large set of cases applying time-series-cross-section data regression analyses. In a second step, I present case studies on labor market policy *making* in Austria, Denmark, and Switzerland. In contrast to the regression analyses with a general perspective on social policy, these comparative case studies provide a detailed analysis of one specific social policy area and allow the policy making process to be traced.

#### **3.1 Time-series-cross-section data regression analyses**

Time-series-cross-section data regression analyses (in the following TSCS-analyses) provide a quantitative test how party politics relate to policy output. I follow recent work by Akkerman (2012) who has assessed the influence of right-wing populist parties on immigration policy by analyzing how the inclusion of right-wing populist parties into governments changes immigration policy. To distinguish between different types of governments, I use two sets of information.

First, to identify governments supported by right-wing populist parties, I follow recent work by Akkerman (2012) and de Lange (2012). According to these authors, these governments include governments in Austria (1999-2003; 2003-2006), Denmark (2001-2005; 2005-2007), Italy (2001-2004), the Netherlands (2002-2003), Norway (2002-2005) and Switzerland (2003-2007). I deviate from this categorization in two ways. First, I code the 1995-1999 and 1999-2003 Swiss governments as governments supported by right-wing populist parties because the more radical wing of the SVP became more dominant within the SVP already in the mid-1990s (Skenderovic 2009) and at the same time policy making became polarized in Switzerland (Afonso & Papadopoulos 2013, 7). Second, I do not include the 2002/2003-government in the Netherlands in which the List Pim Fortuyn participated. For my methodological framework (see below) this government was too short lived to have any effect on social policy and is therefore excluded.

The second set of information used to distinguish between different types of governments is the share of cabinet seats held by left-wing parties (communists, greens, and social democrats). Similar to Akkerman (2012), I use a more detailed differentiation than just “left-wing” and “right-wing” governments by dividing governments into left-wing governments, center-left governments, center-right governments and right-wing governments. The cut-off points between these government types are based on the fact if left or non-left parties hold majorities (50%) and super-majorities (67%) of cabinet seats. Combining the two sets of information on partisan governments provides the analysis with a differentiation between (cabinet seat share of left parties in parentheses) left-wing governments (>67%), center-left governments (50-67%), center-right governments (<50-33%), right-wing governments (<33%) and governments which include right-wing populist parties.<sup>44</sup>

To measure the dependent variable “expansion and retrenchment in social policy”, I rely on social expenditure data per GDP from the OECD-database. Expenditure data has been criticized for its misuse (Esping-Andersen 1990, 21). However, following the suggestion by Siegel (2007), this paper does not misinterpret high social expenditure with a generous welfare state. This paper is more concerned if partisan governments influence the welfare effort for which social expenditure is an appropriate proxy (Wilensky 1975). Looking at changes in social expenditure is also in line with the focus on the tax burden or the burden of social spending

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<sup>44</sup>With this differentiation, there are 26% left-wing, 17% center-left, 9% center-right, 35% right-wing, and 13% RWPP-governments.

which is at the center of the political discourse (Siegel 2007) and the scholarly debate (e.g. Iversen & Cusack 2000).

To link the partisan variables to social spending, I analyze 21 OECD-countries<sup>45</sup> from 1990-2008 using TSCS-analyses. This time span includes the period when moderate right parties started to cooperate with right-wing populist parties in the mid-1990s (de Lange 2012, 899) and a few years before. For the methodological framework of the TSCS-analyses, I follow the work by Schmitt (2013), who convincingly argues that we should use government periods as the relevant unit of analysis, instead of country-years.<sup>46</sup> TSCS-analyses using country-years as the unit of analysis enable researchers to assess the influence of variables with short-term fluctuations. Short-term fluctuations are very likely in economic variables such as growth of GDP, but very unlikely in political variables such as partisan strength or government composition. A shift to cabinet-per-country as the unit of analysis takes this into account. Even more importantly, looking at cabinets instead of years is more in line with our theories which generally assume that political parties will have an effect within a specific political cycle (here governments) and not per year.

In this paper I use fixed-effects models to take into account unobserved country characteristics. Using the cabinet-per-country framework suggested by Schmitt (2013), the dependent variable is *change of social spending* from the first to the last year of the cabinet period. I include a lagged dependent variable and the level of social spending at the beginning of the government period. Following Schmitt (2013) I include change in unemployment and trade to control for economic influences. These economic variables are measured in the first half of the government period to reduce the problem of endogeneity. In addition and following the literature on welfare states, I control for the strength of unions (Korpi 1983), strength of Christian Democratic parties in government (Huber, Ragin & Stephans 1993, Kersbergen 1995), and institutional constraints (Schmidt 1996). Finally, I include the length of the cabinet period as it is to be expected that governments which hold power only for a short period of time are less well able to implement their program compared to governments which stay in power for a longer period. Data for these measurements come from the Organization for Economic Co-operation and Development

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<sup>45</sup> Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, and the United States.

<sup>46</sup> As argued by Schmitt (2013), Boix (1997) and Schumacher, Vis & van Kersbergen (2013) have used such a methodological approach, but with less emphasis on the methodological justification.



(OECD), from the *Comparative Political Dataset* (Armingeon et al. 2010) and the *Penn World Table* (Heston, Summers & Aten 2012), while their recoding has very generously been made available by Carina Schmitt. A full overview of these variables, as well as of the variables used in the robustness checks, is provided in table 18 in the appendix.

### 3.2 Comparative case studies

Quantitative analyses such as TSCS-analyses leave room for different mechanisms how party politics relate to policy output. To analyze policy making in detail, this paper provides three case studies on policy making in Austria, Denmark, and Switzerland from the mid-1990s to the mid-2000s. For these analyses, this paper focuses on labor market policies. The focus on labor market policies provides a fruitful framework to detect partisan effects on policy making. First, national actors are still able to shape labor market policies despite global economic constraints, much more than for example in macroeconomic policy making (e.g., Boix 1998). Second, labor market policies are closely connected to the political left-right divide (Allen & Scruggs 2004, Huo, Nelson & Stephens 2008), more so than for example health policy, where strong interest groups prevail and partisan effects are muted (Immergut 1992), or family policy, which is seen as a more complex and multidimensional policy field (Häusermann & Kübler 2011). This focus on labor market policies allows us to detect the influence of partisan politics on policy making.

For the comparative case studies, Austria, Denmark, and Switzerland are chosen for three reasons. First, the three countries are similar in their tradition of consensual policy making (Bonoli & Mach 2000, Jones 2008, Jensen 2002, Obinger et al. 2010).<sup>47</sup> Especially Austria and Switzerland are seen as prime examples of small states relying on consensual policy making (Katzenstein 1985). This makes these countries exemplary cases for the detection of polarization of policy making - if we see that right-wing populist parties polarize policy making in these countries, we should expect this also to happen in countries with less reliance on consensual policy making.

Second, the three countries represent the most prominent and well-known cases where right-wing populist parties have provided the political right with a right bloc majority (Andersen

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<sup>47</sup>Although Switzerland might deviate from this pattern as “domestic compensation” (Cameron 1978, Katzenstein 1985) has largely implied protecting domestic producers from foreign competition rather than the expansion of social policy for workers (see Mach 1999), even in Switzerland political actors relied on consensual policy making across the left-right political divide in the realm of social policy during the 1990s (Häusermann, Mach & Papadopoulos 2004, Häusermann & Kübler 2011).

2004, Heinisch 2003, McGann & Kitschelt 2005). In Austria the rise of the right-wing populist Austrian Freedom Party (FPÖ) in the early 1990s and the decision of its leadership to cooperate with the moderate right People's Party (ÖVP) in the late 1990s enabled these two parties to form a right bloc coalition government from 1999-2006 (Luther 2011). In Switzerland, politics has always been dominated by the political right consisting of the Christian Democrats (CVP), the Liberals (FDP) and the Swiss People's Party (SVP) (Ladner 2006). Since the mid-1980s efforts within the SVP have been made to transform the SVP into a right-wing populist party. This radical wing of the SVP tightened its grip over the party during the 1990s even leading it to be the largest party in Switzerland with over 30% of the vote share in 2007. This changed politics in Switzerland from being dominated by a moderate right to being dominated by a right bloc majority consisting of moderate right parties (CVP and FDP) and a strong right-wing populist party (SVP). Similar to Austria and Switzerland a right bloc majority consisting of moderate and right-wing populist party emerged in Denmark at the turn of the century. In the late 1990s the Danish People's Party (DFP) split from the Progress Party forming a new right-wing populist party willing to cooperate with the moderate right (Art 2011, Meret 2010). After the election of 2001 the moderate right was able to form a minority government supported by the DFP. This cooperation was extended in the same way after the election of 2005 and 2007.

The three countries thereby experienced the rise of right bloc majorities. The three countries differ, however, regarding the cooperation between moderate right and right-wing populist parties which constitutes the third reason for this case selection. In Austria, the FPÖ and ÖVP formed a coalition government; in Switzerland the SVP was also part of the government, but was at the same time able to present itself as an opposition party due to the independence of the Swiss executive from parliament; finally, in Denmark the DFP supported a right-wing minority government from the outside. If right-wing populist parties merely act as placeholders for a right bloc majority, these differences should have no influence on labor market policy making. If, however, right-wing populist parties are involved more actively during policy making, these differences should matter. Thus, while the TSCS-analyses lump these cases together, the comparative case studies provide a test for the accuracy of this coding.

As argued above, in this paper I focus on labor market policies, i.e. reforms in active and

passive labor market policies. By focusing on labor market policies, the paper analyses three reforms in each country from the mid-1990s to the mid-2000s. These reforms constitute the three most important labor market policy reforms in each country in this period - importance in terms of redistributive consequences, visibility to the public and importance within the scholarly debate on welfare state reforms. Table 15 lists these selected labor market policy reforms which in addition have been confirmed by country experts.<sup>48</sup> For the analysis of these reforms, the paper draws on two sources of information: First, the paper uses primary data on the position of parties during these reforms based on the content analysis of documents on parliamentary debates. Second, the paper relies on the secondary literature on welfare states and right-wing populist parties for information on policy making and policy output.

Table 15: Analyzed labor market reforms

Country	Reform: year and name	
Austria	1996	Structural adjustment law
	2000	Budget law 2001
	2007	Social protection for atypical employment
Denmark	1998	Labor Market Reform III
	2002	More people in employment
	2009	A new chance for all
Switzerland	1994	Unemployment insurance reform II
	2001	Unemployment insurance reform III
	2009	Unemployment insurance reform IV

## 4 Right-wing populist parties and social policy output

For studying the influence of right-wing populist parties on social policy output, table 16 shows the results of the TSCS-analyses regressing social spending on the partisan composition of governments.<sup>49</sup> Table 16 shows three different models and for each model, the tables shows the beta-coefficient (column *coef.*), the level of significance (symbol in the column *coef.*; see bottom of the table for interpretation) and the standard errors in parentheses (column *std. error*). The dependent variable is change of social spending during a government period as suggested by Schmitt (2013).

<sup>48</sup>Country experts include Herbert Obinger (Austria), Jon Kvist (Denmark), and Silja Häusermann (Switzerland).

<sup>49</sup>All regressions have been run with the xtreg-command by STATA, declaring first the data to be panel data and identifying countries and time-periods within the panel.

Table 16: Effects of partisan governments on social spending

	<b>Model 1</b>		<b>Model 2</b>		<b>Model 3</b>	
	<b>coef.</b>	<b>std. error</b>	<b>coef.</b>	<b>std. error</b>	<b>coef.</b>	<b>std. error</b>
left-wing govt.	1.366+	(0.777)	1.103*	(0.470)	1.228*	(0.509)
center-left govt.	−0.563	(0.861)	0.006	(0.505)	0.085	(0.534)
center-right govt.	0.111	(0.977)	0.408	(0.575)	0.617	(0.636)
right-wing govt.	1.073	(0.759)	0.394	(0.452)	0.481	(0.474)
RWPP govt.			reference			
initial spending			−0.282**	(0.085)	−0.303**	(0.089)
unemployment			0.491***	(0.061)	0.477***	(0.077)
trade			−0.066+	(0.033)	−0.065+	(0.033)
union					−0.041	(0.039)
christ dem					0.597	(0.729)
institution					−0.103	(0.396)
duration	−0.131	(0.117)	0.093	(0.082)	0.088	(0.088)
constant	−0.159	(0.754)	6.061**	(2.033)	8.187*	(3.194)
R-squared	0.081		0.441		0.315	
N. of cases	71		71		71	

+ p<0.10, \* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Note: Regressions include country-dummies and lagged dependent variable (not shown).

Model 1 in table 16 is a simple model including variables related to the partisan composition of governments: left-wing governments, center-left governments, center-right governments and right-wing governments. In addition, I use a separate category for governments which include right-wing populist parties (in the following: RWPP-governments) which is used as the reference category in the TSCS-analyses shown in table 16. In addition, the model controls for the duration of these governments. Focusing first on the partisan government variables in model 1 provides three insights: First, there is a difference between RWPP-governments and left-wing governments regarding changes in social spending. The coefficient “left-wing govt.” is significantly different from the reference category “RWPP govt.” and points into the expected direction: left-wing governments are related to more social spending compared to RWPP-governments.<sup>50</sup> Second and surprisingly, RWPP-governments do not differ compared to center-left nor center-right governments. Third, RWPP-governments do not differ compared to right-wing governments.

The second model includes non-partisan variables linked to social spending, namely the initial size of spending, changes in unemployment and changes in trade. Initial social spending has a

<sup>50</sup>Robustness checks have shown that the significance of this effect in all models depends on the inclusion of Denmark and Norway, i.e. countries where shifts from left-wing governments to governments supported by right-wing populist parties have indeed happened.

significant negative influence pointing to the interpretation that higher levels of spending are related to a decrease in social spending showing a convergence-effect. Unemployment is related to more social spending showing a need-effect. Finally, increased trade (often interpreted as increased exposure to the global economy) is related to less social spending providing evidence for the efficiency-hypothesis in political economy (e.g. Genschel 2002). It is important to point out that the variables included in model 2 are highly relevant for explaining changes in social spending as shown in the substantial increase in R-squared. Although the inclusion of these variables decreases the effect of “left-wing govt.”, the effect remains significant (even on a slightly increased level of significance due to the inclusion of *initial spending* and *unemployment* as important confounding variables) and points into the same direction. Finally, model 3 includes trade union density, the strength of Christian Democratic parties in government and institutional constraints which, however, do not have a significant effect on social spending. In addition to the models shown in table 16, table 17 in the appendix shows that the inclusion of further variables such as growth of GDP (*gdp*), changes in debt (*debt*) and share of elderly (*elderly*) and the inclusion of period dummies for 5 year-periods do not change the main insights from the models shown in table 16.

The results from table 16 indicate that there is only a difference between left-wing governments and RWPP-governments regarding changes in social spending. Put differently, social spending is changed only if there is a shift between a RWPP-government and a left-wing government - but not if there is a shift between a RWPP-government and any of the other government compositions. This indicates that RWPP-governments put less effort on social security compared to left-wing governments as expected in hypothesis 2. In addition, the analyses show that RWPP-governments are not significantly different compared to right-wing governments, again in line with hypothesis 2, but in contrast to hypothesis 3. In combination, these results provide evidence for the perspective that right-wing populist parties facilitate retrenchment. However, it remains unclear why RWPP-governments do not differ compared to center-left governments. This might be because right-wing populist parties push RWPP-governments toward more welfare state effort acting as a functional equivalent to left-wing parties. To look at this question as well as the policy making process, the next section presents comparative case studies on labor market policy making in Austria, Denmark, and Switzerland from the mid-1990s to the mid-2000s.

## 5 Right-wing populist parties and labor market policy making

The previous section was based on TSCS-analyses and indicated that governments supported by right-wing populist parties are related to less welfare effort measured by social spending compared to left-wing governments. Policy making was thereby treated as black box and cases with different right bloc cooperation - such as in Austria where the right-wing populist FPÖ entered government and in Denmark where the right-wing populist DFP supported a minority government - were lumped together. This section opens up this black box and analyzes if labor market policy making becomes polarized when right-wing populist parties contribute to a right bloc majority using comparative case studies. In addition, this allows to analyze if (a) policy making differs depending on the cooperation within the right bloc and (b) if right-wing populist parties support retrenchment or act as a functional equivalent to left-wing parties supporting the expansion of social policies. The first case study analyzes labor market policy making in Austria. The second case study focuses on Switzerland and the third looks at Danish labor market policy making.

### 5.1 Austria

Politics in the Second Republic of Austria, i.e. after 1945, was dominated by the moderate left Social Democrats (SPÖ) and the moderate right People's Party (ÖVP) while the third main party, the Freedom Party of Austria (FPÖ), was largely marginalized (Dolezal 2008, Pelinka 2002). Dominating Austrian politics, the two major parties actively supported the expansion of the welfare state up until the late 1980s (Obinger & Tálos 2010, 104). Since then Austria experienced two changes to this pattern. First, Austria experienced the rise of a right-wing populist party. In 1986, Jörg Haider seized the leadership of FPÖ, strengthening the nationalist wing of the FPÖ and in the following years transformed the FPÖ into a right-wing populist party with an emphasis on anti-immigrant and anti-elite positions (Art 2011, 119). Until the mid-1990s the FPÖ thereby increased its vote share from 5% to over 20%, but despite this gain in political power was unwilling to cooperate with established parties (Luther 2011) preventing a right bloc majority consisting of the moderate right ÖVP and the right-wing populist FPÖ to emerge.

During this period, Austria was also forced to address its increasing budget deficit to meet the

Maastricht criteria in the early 1990s in preparation for its entry into the European Community. Given the non-cooperation of the FPÖ, the only governing coalition possible to enact these reforms was a grand coalition of the moderate right ÖVP and the social democratic SPÖ. The problem-pressure and the market-friendly leadership of the SPÖ (Dolezal 2008, Obinger & Tálos 2010), allowed the coalition to agree on several measures to cut-back the welfare state in the *Structural Adjustment Laws* of 1996. In the realm of labor market policies, the ÖVP and SPÖ agreed on the reduction of the replacement rates and duration of unemployment benefits as well as the extension of the contribution period. While this shifted the policy content more strongly toward retrenchment compared to previous labor market policies in Austria, the cooperation between the SPÖ and the ÖVP guaranteed that the reform “did not lead to any real departure from established policy routines” (Obinger et al. 2010, 110).

The policy routines were kept stable during the 1990s, but the political dynamics surrounding the reforms changed toward the end of the century. Conflict between capital and labor over issues concerning state budgets, flexible labor markets and income distributions intensified (Obinger & Tálos 2006, Tálos & Kittel 2002).<sup>51</sup> Increased conflict was not limited to the corporatist arena: during the upcoming election of 1999, the ÖVP presented the social democratic SPÖ as the main obstacle for the implementation of important policy change (Obinger & Tálos 2010, 113), thereby distancing itself from further left-right cooperation. At the same time the right-wing populist FPÖ shifted to a more liberal position on economic and social policy issues (Luther 2011) opening up the possibility of a moderate right-right-wing populist party cooperation. After the 1999-elections, the ÖVP and FPÖ together held a clear majority which translated into actual cooperation as the ÖVP and FPÖ formed a coalition government.

The new ÖVP-FPÖ-government undertook a neoliberal turn exemplified in the budget law of 2000 which was considered the *Kernstück* of government’s efforts (Obinger & Tálos 2006, 125). Regarding labor market policies, this law included a reduction of federal spending, reduction of several different benefits such as the replacement rate for unemployment benefits, the family supplements for the unemployed, as well as an increase in contribution periods. Such retrenchment was clearly supported by the FPÖ due to its ambition to be a cooperative coalition partner for the moderate right ÖVP (see Luther (2011), Minkenberg (2001) and part III, section 4.1).

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<sup>51</sup>For a short period, the employers’ organization (WKÖ) and the union (ÖGB) were able to agree in 1998 (Tálos & Kittel 2002, 44).

What made these, and other social policies implemented by the right bloc government so different was less their content, however, than the style of policy making. As shown above, the grand coalition of the ÖVP and the SPÖ had already implemented important welfare state cuts during the mid-1990s. Compared to this, the right bloc government of the ÖVP and the FPÖ implemented their labor market policy reform in a new way - not only against the opposition of the political left in parliament, but also by excluding the unions, but working in accordance with employers (Obinger & Tálos 2006, 145, 209), putting an end to policy making across the left-right divide. While the ÖVP and FPÖ legitimized changes in labor market policies as steps to prevent welfare fraud and to provide incentives for the unemployed (Republik Österreich. Parlament 2000, 44, 73, 78), the Social Democrats and the Greens accused the government of viciousness and undermining the solidarity within society by presenting these cuts to the welfare system (Republik Österreich. Parlament 2000, 32, 40).

After a period of right bloc dominance (1999-2006) this cooperation, however, fell apart. The right-wing populist FPÖ paid heavily for its participation in government losing more than half of its electorate and experiencing the split of its party into the FPÖ and the Alliance for the Future of Austria (BZÖ). Given this devastating experience, the FPÖ decided to return to opposition while the BZÖ got lost in electoral irrelevance with a vote share of less than 5% in 2006. As neither the SPÖ nor the ÖVP held a majority, policy making among these two parties was again viable and in fact necessary to implement change. Although cooperation between these two parties was difficult at first, under the pressure from unions and employers (Afonso 2011), the grand coalition extended social protection of the unemployed in the labor market policy reform of 2007, while the right-wing populist parties opposed this reform demanding a demarcation-line between natives and immigrants in social policy (Republik Österreich. Parlament 2007, 273).

Overall, this description of labor market policy making in Austria shows two important points. First, disagreement between the political left and right increased and once the right-wing populist FPÖ was available for right bloc cooperation with the ÖVP, this led to a polarization of policy making. Second, this new coalition changed policy making, but less so policy output. Already in the early 1990s the grand coalition of the ÖVP and SPÖ cut back the welfare state. Thus, retrenchment already happened under the ÖVP-SPÖ-government and the right bloc government of the ÖVP and the FPÖ went along this route. However, the new government



changed especially policy making by systematically excluding the political left and implementing change based on a right-bloc majority only.

## 5.2 Switzerland

Similar to Austria, Swiss politics was marked by stability since the Second World War. This stability is exemplified by the “magic formula” which from 1959 to 2003 distributed in a fixed way the seven seats in the Swiss executive among the leading parties, the Social Democrats (SPS), the Christian Democrats (CVP), the Liberals (FDP) and the Swiss People’s Party (SVP). Since the early 1990s the political stability was challenged by political and economic changes (Lachat 2008). During the late 1980s and early 1990s, sections of the Swiss People’s Party were pushing to transform this established rural party into a right-wing populist party. During the early to mid-1990s the right-wing populist section led by Christoph Blocher was becoming stronger transforming the whole party into the most successful right-wing populist party in Europe doubling its vote share from 12% in 1991 to over 22% in 1999. The moderate right majority in Swiss politics was thereby transformed into a right bloc majority consisting of the moderate right CVP and FDP and the right-wing populist SVP.

Similar to Austria, Switzerland was at the same time confronted with economic pressures starting in the early 1990s, including the burst of a housing-bubble, prolonged low economic growth and a four-fold rise in unemployment. Although the rise of unemployment was only from nearly zero to 4% - a very low level both for that time and the current one - the quadrupling of unemployment put the unemployment insurance into a financial imbalance. The Swiss government reacted with an emergency decree giving the social partners time to negotiate over a new labor market reform. This negotiation, however, failed and policy making was shifted to parliament. As shown by Häusermann, Mach & Papadopoulos (2004), members of parliament were able to bring all relevant actors to the table - the main political parties, social partners, federal government, as well as the cantons. Together they agreed on combining elements of retrenchment (confirming the reduction of replacement rates issued in the emergency degree of 1993, an increase of waiting periods for the young unemployed, strengthening the control of abuse and widening the range of work which needs to be accepted by the unemployed) with the extension of active labor market policies. This labor market policy reform was supported by

the social partners and the four main parties of Switzerland. Even parts of the SVP supported it, although this was the remaining of the moderate wing. The radical wing of the SVP voted against the labor market reform arguing that the reform was too soft on unemployed people allowing them not to do anything except receiving benefits (Dienst für das Amtliche Bulletin der Bundesversammlung 1994, 1540-1541).

The agreement between moderate left and right was, however, short lived and undermined by the increasing political struggle between the political left and right over social and economic issues. As mentioned above, the labor market policy reform in the mid-1990s was preceded by the struggle between capital and labor. At the same time, a small section of large employers was pushing for neoliberal policies in the realm of social policy (Kriesi 2006, 57), calling for a moratorium on social policy and the privatization of the unemployment insurance (Bonoli & Mach 2000, 132, 154). Although, the labor market policy reform in the mid-1990s was supported by the moderate left and moderate right, a minority of liberals broke away from this consensus. In addition, the right-wing populist SVP further intensified the conflict between left and right by taking a more liberal position and accusing the moderate right, the Christian Democrats but especially the Liberals, of having sold out to the left presenting itself as the true representative of employers (Afonso 2011, 20). Increased competition over the representation of employers (and their financial contributions to parties) strengthened the economically more liberal wing within the moderate right and led the moderate right and right-wing populist party to shift to more market-liberal positions (Afonso & Papadopoulos 2013).

As the moderate right shifted away from the political center, it also became less willing to negotiate compromises with the political left. Already in the late 1990s labor market policy making became polarized (Afonso & Papadopoulos 2013, 13). Following this development, labor market policy reforms in 2001 and 2009 were no longer based on the agreement between moderate left and moderate right, but were implemented by a right bloc majority consisting of moderate right parties (FDP and CVP) and the right-wing populist SVP. Although in both reforms of 2001 and 2009 some measures were taken to provide financial stability to the unemployment insurance, the main issues within the reforms included the increase of the contribution period and the reduction of the benefit period (reform of 2001) and the introduction of waiting periods, the reduction of benefit periods for unemployed with short contribution periods

and the young unemployed (reform of 2009). While the Social Democrats in parliament argued against these what they called “retrenchment-reforms” (Dienst für das Amtliche Bulletin der Bundesversammlung 2001, 1868), unions and Social Democrats tried to fight these reforms in addition with public referenda. Similar to Austria, Switzerland thereby experienced the shift in policy making from left-right compromises to polarized policy making. In both periods, labor market policies were retrenched, but under left-right reform coalitions this was compensated by the strengthening of active labor market policies. Although this indicates that policy output differs slightly, the main change relates to policy making from so-called modernizing compromises in the mid-1990s (Häusermann, Mach & Papadopoulos 2004) to polarized policy making based on right bloc majorities beginning at the end of the 1990s.

In sum, the Swiss case highlights how right-bloc majorities are related to the polarization of policy making. Although a right bloc majority existed in the mid-1990s, Swiss parties were able to overcome the left-right divide during policy making, as both sides were able to move to the center. However, as the right-wing populist SVP challenged the political right in a competition over the question of “which party truly represents employers’ interests”, the moderate right shifted further and further to the right and became unwilling to cooperate with the moderate left. In the end, right bloc majorities translated into polarized policy making.

### **5.3 Denmark**

The development in Denmark slightly differs to that of Austria and Switzerland during this period. In Denmark, increased unemployment rates had already rendered labor market policy reforms necessary in the late 1980s. These reforms were based on a shared understanding between Social Democrats and the moderate right Liberals and Conservatives of what the problems in the field of labor market policy were and how to solve them accordingly (Mailand 2011). This shared understanding resulted in labor market policies which combined retrenchment with limited expansion and was in part made possible by the Social Democrats moving to the political center by adapting a “Third Way”-ideology (on the latter see Green-Pedersen & Kersbergen 2002).

In the mid-1990s, the social democratic government followed the previous path of labor market policies. The left-wing government under Social Democratic leadership enacted an important

labor market policy reform in 1998 which combined the reduction of unemployment benefit duration from 5 to 4 years and cutting back of benefits for the elderly with an emphasis on activating the unemployed (Obinger et al. 2010, 105). During the policy making process in parliament, the Social Democrats pointed out that the cuts in benefits were previously agreed upon by employers and unions and the Social Democrats merely supported this initiative (Folketingets dokumenter 1998, 2). Furthermore, by focusing on activation, the reform was a continuation of a reform direction started by moderate right parties in the late 1980s (Green-Pedersen 2001, 976) and was supported by the moderate right, but also by the right-wing populist Danish People's Party (DFP) which was eager to present itself as a reliable and responsible political party during this period (Meret 2010).

After the election of 2001 political power shifted from the political left to the political right. The Liberals and Conservatives were able to form a minority government supported by the right-wing populist DFP. Since the moderate left and moderate right finished the old century with a shared understanding of problems and solutions, policy making did only slowly change with this shift in political power. The labor market reform enacted in 2002 by the government supported by the DFP continued on the path of previous labor market policy reforms (Mailand 2011, 85), but clearly put more focus on workfare (Andersen 2007b). The labor market policy reform in 2002 reduced unemployment benefits and increased the conditionality for receiving benefits, making sure that the unemployed had strong incentives to take up low-wage jobs. With this goal, the duties of the unemployed during their job search were stricter and the unemployed had to accept a larger range of jobs if offered. The reform was supported by the Danish People's Party as well as by the Social Democrats since it went along similar lines to existing policies. The Social Democrats, however, saw their support for this reform as part of a compromise which included that the material well-being of the unemployed would not be reduced as they enter activation programs (Folketingets dokumenter 2002, 33).

After the 2005 as well as the 2007-election, the minority right-wing government was again supported by the Danish People's Party. In 2009, the government implemented the labor market reform "A new chance for all". Very similar to the previous labor market reform in 2002, this reform had the goal of strengthening incentives for the unemployed to enter the labor market. As it focused on welfare recipients this policy measure hit immigrants to a large share (Andersen

2007b, 264), but also a substantial amount of native welfare state recipients (Pedersen 2011, 25). The Social Democrats first supported the reform, but no agreement between left and right could be found on the categorization of welfare recipients and on how high their benefits should be (Andersen 2007b, 14). The Social Democrats therefore withdrew their support arguing that this reform would increase poverty and especially child-poverty (Folketingets dokumenter 2009, 44), but the moderate right nevertheless was able to pass the reform with the support of the right-wing populist DFP.

This development in Denmark differs to that of Austria and Switzerland. In Denmark, the Social Democrats' move to the political center opened the way for an agreement on labor market policy reforms across the left-right divide. This was not changed after a right bloc majority emerged, but the increasing focus on workfare by the moderate right clearly led to retrenchment by shifting from education-based to work-based activation programs (Rathgeb 2014, 8). In addition to these retrenchment-measures under right-bloc dominance, disagreement on the extent of cut-backs finally led to the decline of cooperation between moderate left and moderate right. Once this disagreement surfaced, the moderate right based its policies on right-bloc majorities, leading to the polarization of policy making. As forcefully argued by Rathgeb (2014) the moderate right further used its right bloc majority not only to implement its more preferred labor market policies, but also to undercut the power of unions weakening important pillars of the political left and the basis of the Danish flexicurity model.

These developments in labor market policy reforms in Austria, Denmark and Switzerland show similar trends. First, in all three countries, policy making across the left-right divide broke down after moderate right parties were able to base policy making on a right bloc majority with the support of right-wing populist parties. These similarities prevail even though cooperation between moderate right and right-wing populist parties differed across the three countries, providing justification for lumping them together in the TSCS-analyses. Second, in all three countries right bloc majorities implemented retrenchment while right-wing populist parties supported these reforms, providing further evidence that right-wing populist parties and the rise of right bloc majorities facilitate retrenchment. Thus, right-wing populist parties in supporting governments do not function as an equivalent to left parties in drawing policy toward less retrenchment. The non-difference to center-left parties shown in the regression analyses (table 16

and table 17) might therefore result from the retrenchment policies implemented by center-left governments.<sup>52</sup>

However, as argued above, policy output changed less in Austria and Switzerland with the rise of polarized policy making compared to Denmark. In Austria and Switzerland right bloc majorities implemented retrenchment, but cuts in the field of labor market policy were already introduced in the early and mid-1990s. Denmark also experienced retrenchment of labor market policies in the 1990s. However, the shift of political power from a left-wing government to a government supported by a right-wing populist party in 2001, not only meant further retrenchment, but also a shift toward more workfare (Andersen 2007b) and the undermining of the Danish flexicurity model (Rathgeb 2014). Using the typology by Hall (1993) this constitutes a more radical change by not only adjusting policies (first-order change) but shifting the goal of labor market policies (third order change). In line with the TSCS-analyses, the comparative case studies therefore also show that we see the strongest shift in policies where power clearly shifts from left-wing governments to governments supported by right-wing populist parties.<sup>53</sup>

In addition, to the differences in output, the three countries show further important differences in the development of policy making. In Austria the polarization of policy making was intensified by the distinct government-opposition politics. In Denmark, the centrist position of the Social Democrats somewhat delayed the rise of polarized policy making. Finally, in Switzerland, the right-wing populist SVP had a much more active role in polarizing politics than the FPÖ in Austria or the DFP in Denmark. But even though the SVP influenced polarization and coalition politics to a higher degree in Switzerland, this does not mean that its influence on labor market policy content was much stronger. As argued by Afonso & Papadopoulos (2013, 21-22), “the real cause of the emergence of more majoritarian patterns has more to do with the incentives given to centre-right parties by the rise of the radical right rather than the radical right itself. Hence, there is some evidence that the SVP itself was not the primary trigger of welfare state retrenchment, but was a supporter of policy initiatives brought about by centre-right parties”. Overall, this shows that in line with hypothesis 1 the rise of right-bloc majorities consisting of

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<sup>52</sup>Evidence for this comes from Andersen (2007a) and Green-Pedersen (2002) who show that center-left governments implemented retrenchment in Austria and Denmark in the early 1990s.

<sup>53</sup>Combining the results from the quantitative and qualitative analyses one might argue that the difference in policy output might be related to welfare state regimes. However, no difference in changes of social spending between Nordic (Denmark, Finland, Norway, Sweden) and continental (Austria, Belgium, France, Germany, Netherlands, Switzerland ) countries could be found.

moderate right and right-wing populist parties polarizes labor market policy making.

## 6 Conclusion

This paper analyzed how right-wing populist parties influence social policy output and social policy making. Based on the existing literature, two expectations were empirically tested. First, right-wing populist parties should polarize policy making and lead to more retrenchment since they support moderate right parties in the political struggle against the left. Second, right-wing populist parties should lead to less retrenchment (or even expansion) of the welfare state due to their welfare state chauvinism-programs. The empirical analysis involved a mixed-methods research design. Time-series-cross-section regression analyses were used to compare the influence of partisan governments on social policy output while case studies on labor market policy reforms in Austria, Switzerland, and Denmark were used to detect if policy making becomes polarized.

Based on case studies on labor market policy making in Austria, Denmark and Switzerland and based on TSCS-analyses, this paper mainly finds evidence for the perspective that right-wing populist parties polarize policy making and facilitate retrenchment. First, the results from time-series-cross-section data regression analyses indicate that governments supported by right-wing populist parties are related to less social spending compared to left-wing governments, although not compared to centrist and right-wing governments. This provides first evidence that governments supported by right-wing populist parties put less emphasis on welfare effort compared to left-wing governments. Second, comparative case studies on labor market policy making in Austria, Switzerland, and Denmark show that as right-wing populist parties contribute to right bloc majorities, moderate right parties re-orient themselves to the right thereby polarizing policy making. In addition, the comparative case studies show that these right bloc majorities implement reforms which retrench unemployment programs. Thus, right bloc majorities do not only put less emphasis on welfare effort compared to left-wing governments, but actually lead to retrenchment as shown in the study of labor market policy reforms.

Although the rise of right bloc majorities has clearly changed policy making from left-right consensus to a polarization of labor market policy making in Austria, Switzerland, and Denmark, the change in output is less clear-cut: Policies changed more in Denmark where political power clearly shifted from the political left to the political right compared to Austria and Switzerland

where the shift in political power was more limited. This result from the comparative case studies supports the finding from the time-series-cross-section data regression analyses that only where political power clearly shifts from left-wing governments to governments supported by right-wing populist parties do we see change in policy output.

Relating these results to the existing literature raises two points. First, critical readers might suggest that the empirical results of this paper only apply to labor market policies and cannot be extended to other social policy fields. For example, Meret (2010) and Fiva, Folke & Sørensen (2013) argue that right-wing populist parties support generous welfare state policies especially in the realm of pensions which targets a large share of voters. This differences in welfare state policy areas clearly needs further empirical analyses. However, empirical evidence from case studies on Austria and Switzerland show that right-wing populist parties in these countries also supported retrenchment of pensions and this has led to polarization of policy making (Afonso 2014, Heinisch 2003) supporting the results from the empirical analyses in this paper.

Second, the empirical results are in line with the perspective that right-wing populist parties contribute to welfare state retrenchment. No empirical support could be found that right-wing populist parties defend the status quo of the welfare state or even contribute to its expansion due to their welfare state chauvinism-program. These empirical results are in line with the work by Bale (2003) and Afonso (2011) who argue that right-wing populist parties lead to the polarization of social policy making by providing moderate right parties with an alternative coalition partner. My results differ, however, to these analyses since they show that the social policy output from governments supported by right-wing populist parties only differs compared to the social policies of left-wing governments. This latter point mirrors the debate on the influence of right-wing populist parties on immigration policies. While some scholars have argued that right-wing populist parties clearly lead to a more restrictive immigration policy (e.g., Howard 2010, Schain 2006, Williams 2006), others have found no difference (e.g., Duncan 2010, Mudde 2007, Kersbergen & Krouwel 2008). In her quantitative analyses, Akkerman (2012) does find a difference when it comes to restrictive migration policies in comparison to left-wing governments, but none compared to other governments - very much in line with my finding.

This leads to the conclusion that the influence of right-wing populist parties on labor market



policy output is only felt where executive power shifts from left-wing governments to governments supported by right-wing populist parties. This finding should therefore be of relevance for countries where such power shifts indeed happen as for example in the Nordic countries. This does not mean, however, that the rise of right-wing populist parties and right bloc majorities is without relevance to other countries. Countries such as Austria and Switzerland might not see a distinct shift in policy output, but clearly witnessed a shift in policy making. If these countries' adaptability to world markets is indeed based on their consensual policy making style and democratic corporatism as argued by Katzenstein (1985) and if these countries ability to adopt their welfare state to new challenges is indeed based on the ability to form modernizing compromises across the left-right divide (Bonoli & Natali 2012*a*, Häusermann 2010*a*), polarized policy making might represent a serious challenge to these countries by undermining their ideology of social partnership and the legitimacy of policy making and therefore policy output.

## 7 Appendix: Additional tables

Table 17: Effects of partisan governments: additional controls

	Model 4		Model 5	
	coef.	std. error	coef.	std. error
left-wing govt.	1.119*	(0.528)	1.026+	(0.545)
center-left govt.	0.023	(0.552)	-0.277	(0.642)
center-right govt.	0.725	(0.684)	0.636	(0.712)
right-wing govt.	0.568	(0.497)	0.562	(0.560)
RWPP govt.		reference		
initial spending	-0.267*	(0.100)	-0.245*	(0.104)
unemployment	0.538***	(0.130)	0.447**	(0.138)
trade	-0.072+	(0.036)	-0.058	(0.037)
gdpgr	0.106	(0.150)	0.135	(0.148)
debt	0.004	(0.034)	0.010	(0.034)
union	-0.030	(0.050)	-0.041	(0.064)
christ dem	0.435	(0.805)	0.512	(0.795)
institution	0.133	(0.456)	-0.018	(0.475)
elderly	-33.134	(36.060)	-24.324	(38.232)
duration	0.138	(0.097)	0.112	(0.104)
period dum.			not shown	
constant	6.091	(3.809)	5.370	(4.129)
R-squared	0.374		0.370	
N. of cases	70		70	

+ p<0.10, \* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Note: Regressions include country-dummies and lagged dependent variable (not shown); N is reduced by 1 compared to table 16 since debt-data for Austria (1990-1994) is missing.

Table 18: Variables used in TSCS-analyses

Variable	Description	Data Source
dep. variable	change in social spending	OECD
left-wing govt.	government: seat share of left >67%	Schmitt (2013)
center-left govt.	government: seat share of left 50-67%	Schmitt (2013)
center-right govt.	government: seat share of left <50-33%	Schmitt (2013)
right-wing govt.	government: seat share of left <33%	Schmitt (2013)
RWPP govt.	governments supported by right-wing populist parties	Akkerman (2012), de Lange (2012)
initial spending	initial level of spending	
unemployment	change of unemployment (% of civilian labor force)	Armingeon et al. (2010)
trade	change in sum of imports and exports (% of GDP)	Heston, Summers & Aten (2012)
union	union density	Armingeon et al. (2010)
christ dem	cabinet seat share of Christian democratic parties	Schmitt (2013)
institution	institutional constraint (following Schmidt 1996)	Armingeon et al. (2010), Schmitt (2013)
duration	years in power	Schmitt (2013)
Additional variables used in robustness checks		
gdp	growth of GDP	Heston, Summers & Aten (2012)
debt	change in debt (% of GDP)	Armingeon et al. (2010)
elderly	change in population $\geq 65$ (% of population)	Armingeon et al. (2010)



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Part V

Curriculum Vitae:

Dominik Geering, 14.05.1983

## 1 Current Position

Research associate at the General Secretariat of the Presidential Department of the Canton of Basel-Stadt.

Assistant at the chair of Swiss Politics and Comparative Political Economy, Prof. Dr. Silja Häusermann.

## 2 Education

PhD-student, Department of Political Science, University of Zurich, 2010-2014.

Visiting fellow, Department of Politics and Public Administration, University of Konstanz, February 2014.

Visiting fellow, Department of Government, Harvard University, fall 2013.

Lic. phil. (Master of Arts), University of Zurich, Major: Political Science, Minors: Economics and Philosophy, 2004-2010.

## 3 Publications

Häusermann, Silja, Georg Picot and Dominik Geering (2013): “Rethinking Party Politics and the Welfare State - Recent Advances in the Literature”, *British Journal of Political Science*, 43(1): 221-240 (*Translated to Chinese for the “Foreign Theoretical Trends”, 2013(7), 23-35*).

Geering, Dominik and Silja Häusermann (2012): “Policy congruence and distributive politics: matching voter preferences and party positions on distributive issues”, *CIS-working paper*, Nr. 78: 1-39.

## 4 Teaching

Seminar on labor market politics (MA-course), co-instructor with Dr. Flavia Fossati, University of Zurich, spring term 2012, 2013 and 2014.

Introductory class on Swiss Politics (BA-course), teaching assistant for Prof. Dr. Silja Häusermann, University of Zurich, 2012 and 2014.

Seminar on political institutions (BA-course), University of Zurich, spring term 2011.

## 5 Grants

Grant by Swiss National Science Foundation for a research stay at the Department of Government at Harvard University and at the Department of Politics and Public Administration at the University of Konstanz (September 2013-February 2014).

Grant by the Swiss Academy of Humanities and Social Sciences for the *20<sup>th</sup> International Conference of Europeanists 2013*, Amsterdam.

Grant by Swiss National Science Foundation for the Essex Summer School 2012.

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